

DAILY REPORT

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BEIJING RUSSIAN ON PRC DISARMAMENT STANCE

OW100941 Beijing in Russian to the USSR 1800 GMT 4 Mar 86

["International Peace Year" program: Talk by station commentator (Hung Bo) on PRC position on the disarmament question -- read by announcer]

[Text] In this International Peace Year, the people of our planet are even more concerned about disarmament. This is not only because the question of disarmament is tied to that of peace and safety of the whole world, but also to that of the arms race, especially the nuclear arms race, between the two superpowers, which has placed the planet and human survival on the brink of nuclear catastrophe.

Already 40 years have passed since the end of World War II. The United Nations, which has made disarmament one of its top priority goals, has held countless bilateral and multilateral disarmament conferences, both within and outside the UN framework. These conferences have adopted various resolutions on disarmament, quite a few of which were put forward by the governments of various countries. However, up to the present day, no material progress has been made on this important problem. On the contrary, the arms race between the two superpowers has consistently increased; their arsenals have been growing.

A few years ago it was calculated that the nuclear arms stockpile in the world had 1 million times the power of the atomic bomb exploded over Hiroshima. The nuclear bombs placed on Trident submarines alone are equal in power to all the bombs exploded during World War II. It should be noted that the world's arms stockpile is growing despite the constant pontifications of the two superpowers on disarmament. This cannot but cause strong concern and serious anxiety among the people of the world.

The government and people of China have invariably spoken out, and are speaking out, against the arms race and for the achievement of real disarmament. They have exerted and are exerting active efforts toward solution of the disarmament question. Since the 1960's, the Chinese Government has on many occasions put forward proposals on disarmament and on strengthening international security. China has invariably called for a total ban on and the complete destruction of nuclear weapons. Back in 1964, when China's first successful nuclear test took place, we unilaterally declared that never, under any circumstances, would China be the first to resort to nuclear weapons, and offered to reach agreement with all governments on the nonuse of nuclear weapons.

In 1982, at the second extraordinary session of the UN General Assembly, the Chinese Government proposed an immediate end to the arms race and put forward main measures toward disarmament. In 1984 China presented the United Nations with a draft resolution for the prevention of an arms race in space, calling on all countries, especially those with huge space potential, to take timely and effective steps to stop the arms race in space.

Huang Hua, vice chairman of the NPC Standing Committee, at a recent meeting of the Political Committee of the International Council of Former Heads of Governments, made a proposal on the basic principles for U.S.-USSR talks on disarmament. In his opinion, the following should be included in the basic principles: The two superpowers must be the first to reduce nuclear arms; all types of nuclear arms must be reduced proportionally, including nuclear arms deployed in all parts of Europe and Asia. The reduction of nuclear arms must take place simultaneously with the reduction in conventional arms.

Disarmament must be linked with the elimination of hot spots in all regions of the world. The Chinese Government's position on disarmament is dictated by China's peaceful foreign policy. The main direction of China's foreign policy is as follows: To oppose hegemonism and defend peace in the world in solidarity with all peace-loving countries of the Third World.

Presently, the PRC is building up the rate of its economic construction. In order to achieve in the present century its great goal -- the socialist modernization of the country -- it requires a consistently stable and peaceful international situation and not war. It therefore resolutely speaks out against a new world war. China maintains its weapons solely for self-defense and to withstand foreign aggression. It will never take part in the arms race.

While putting forward its proposals for arms reduction, China has with practical actions demonstrated its sincerity toward disarmament. Recently, at its own initiative, it decided to reduce the size of its army by 1 million men. The implementation of this important step began in the middle of last year; it will be completed in 2 years. This attests to the fact that the government and people of China wish, in practical terms, to make a contribution to the cause of peace in the world.

China's actions have met with good response from various countries of the world and their people. Moreover, in 1985 China did not conduct a single nuclear test. All of its space launches were made exclusively for peaceful purposes, such as for scientific research, radio communications development, and radio and television broadcasting.

Undoubtedly, in today's world, the two superpowers -- the United States and the USSR -- have the largest quantity of weapons. It is they who with great zeal carry on military preparations, posing a great threat to peace in the world. It is, therefore, entirely fair to demand that, before anything else, the United States and the USSR, whose nuclear warheads account for 97 percent of the world's total, stop the arms race and reduce, to a large extent, the quantity of weapons.

Ultimately, the question of disarmament becomes a matter of preventing war and preserving peace. Presently, the forces in defense of peace are growing rapidly. The peaceful situation can be preserved if the people of the world, rallying together, come out against aggression, against hegemony. Simultaneously, the people of the various countries must make tireless efforts to attain a real arms reduction. Recently Gorbachev, leader of the USSR, and U.S. President Reagan have put forward new proposals on the question of arms reductions. We hope that they will welcome the aspirations of the various countries of the world and will reach agreement on real reductions in arms.

BEIJING RUSSIAN ON SNAGS ON U.S.-USSR SUMMIT

OW091418 Beijing in Russian to the USSR 1800 GMT 7 Mar 86

[Washington correspondent's roundup: "Growing Differences Between the United States and the Soviet Union on the Issue of a Second Summit Meeting"]

[Text] Exactly when this year will the second U.S.-Soviet summit meeting be held? The public's attention is now focused on this question. During last year's U.S.-Soviet summit in Geneva an agreement was reached that Gorbachev will visit the United States and meet the U.S. President this year, and that Reagan will visit the Soviet Union and meet Gorbachev in 1987. At first the United States desired a June meeting, but recently suggested July. At that time, the Soviet side hinted that General Secretary Gorbachev would visit the United States in September.

In his report to the 27th CPSU Congress, Gorbachev stated that agreement must be reached on two issues at the second summit meeting: An end to nuclear tests, and destruction of U.S. and Soviet intermediate-range missiles in the European zone. Otherwise the meeting would have no meaning. This shows that no agreement has yet been reached on the terms of the meeting, not to mention its agenda. The differences that arose on terms of the dialogue indicate that each side has its own views about the meeting. At the 27th CPSU Congress General Secretary Gorbachev strongly condemned the United States' lack of sincerity in solving cardinal problems to eliminate the nuclear threat, and announced that if the United States is ready to search for agreement on the issue of destroying intermediate-range missiles in Europe and banning nuclear tests, then the Soviet Union will accept any proposal on terms for a new summit meeting. There is no sense in holding empty talks.

These statements by the general secretary did not make Washington happy. Answering journalists' questions on 3 March, White House spokesman Speakes stated categorically that the United States opposes the attempt to link the second summit to a ban on nuclear tests and destruction of intermediate-range missiles.

Actually, President Reagan in his recent letter to General Secretary Gorbachev already rejected the proposal to ban nuclear tests in any form. As to the issue of destroying intermediate-range nuclear weapons, although the United States at one time was optimistic about it and made a proposal for the destruction of all U.S. and Soviet intermediate-range missiles in Europe and Asia over a period of 3 years, its allies are very indifferent to the subject. They state that even with the elimination of Soviet intermediate-range nuclear weapons deployed in Europe, West European countries will still be under the threat of Soviet short-range missiles deployed in Eastern Europe. Removing U.S. nuclear forces from Europe will considerably increase rather than diminish the Soviet nuclear threat to Western Europe. This is why they do not want the United States to make concessions in reaching an agreement with the Soviet Union. The United States cannot, of course, disregard their concern. Consequently, the year for turning wishes into realities is still very remote, although both the United States and the Soviet Union have expressed the hope of reaching an agreement on intermediate range nuclear weapons.

The White House says that between the United States and the Soviet Union there are wide spheres within the framework of which it is possible to conduct talks. If no agreement on disarmament can be reached immediately, some progress will still be achieved through talks. In addition, there are also regional, human rights, and bilateral relations issues. Is it necessary to say that reaching a certain kind of agreement on some of these issues will contribute to improving relations between the two sides. On 5 March U.S. President Reagan said that if Soviet leader Gorbachev does not come to the United States for a summit meeting this year, then he himself will not be able to meet Gorbachev in Moscow next year.

Washington thinks that President Reagan wants to press Gorbachev to come to the United States at a fixed time, and if the Soviet side postpones the summit meeting to next year, then Reagan will not be able to visit the Soviet Union and meet Gorbachev [words indistinct] in 1988, the last year of his presidency. It is apparent that this year is precisely when the second U.S.-Soviet summit meeting must be held, and this will also depend on the results of bargaining between the two sides.

PRC FORMALLY ADMITTED TO ASIAN DEVELOPMENT BANK

OW101600 Beijing XINHUA in English 1535 GMT 10 Mar 86

[Text] Manila, March 10 (XINHUA) -- The Asian Development Bank (ADB) Monday announced the admission of China as its 47th member.

Under a decision made by the bank's board of directors, Taiwan will keep its seat as Taipei-China, after the People's Republic of China makes its entry.

With China's participation, the bank will increase its operational area covering 2.5 billion people -- half the world's population, according an ADB news release issued here Monday. The release said that China's membership will become effective on March 10, 1986 "upon completion of all formalities, including payment of the first instalment of its subscription to the bank's capital stocks." The bank said that China subscribed to 114,000 shares of capital stock valued at some 1.3 billion U.S. dollars. 12 percent of the stock has been paid with the rest made available as callable shares, it added.

With the entry of China, the bank's authorized capital stock has been increased from 17.1 billion U.S. dollars to 18.4 billion. The Manila-based financial center currently has 32 regional and 15 non-regional members.

41 MEDICAL CENTERS DESIGNATED FOR WHO LIAISON

OW071124 Beijing XINHUA in English 0749 GMT 7 Mar 86

[Text] Beijing, March 7 (XINHUA) -- Forty-one Chinese medical institutes have been designated centers for collaboration with the World Health Organization (WHO), according to a meeting which closed here Thursday. The three-day meeting was sponsored by the Ministry of Public Health. Directors of the centers, and officials from the Health Ministry and Health Bureaus of Beijing, Shanghai and Guangdong Province attended the meeting.

WHO and China's Ministry of Public Health signed a memorandum on collaboration in October 1978. The 41 collaborating centers cover primary medical care, traditional medicine, cardiovascular diseases, ontology, neurology, mental health, birth control, maternal and child health service, classification of diseases and parasitic diseases. Experts from WHO delivered reports on the plan to ensure good health for the whole population by the year 2000, the collaboration center program, the formulation of the State Medical Research Program and transfer of medical technology. Scientists from the Chinese Academy of Preventive Medicine and Conghua County, Guangdong Province, reported on their experience in international cooperation in medicine.

The meeting commended the Institute of Parasitic Diseases of the Chinese Academy of Preventive Medicine, which was designated as a collaborating center for malaria, snail fever and filariasis in 1980.

The Shanghai-based institute, with support from WHO, has undertaken research projects and sent experts to attend international symposiums and study abroad in recent years.

TIAN YINONG AT G-24 MEETING ON ECONOMIC RELATIONS

OW071940 Beijing XINHUA in English 1919 GMT 7 Mar 86

[Text] Buenos Aires, March 6 (XINHUA) -- Argentine President Raul Alfonsin warned today "If the international economic relations remain dominated by an unjust order, there will be no peace" in the world.

Addressing a meeting of the ministers of the group of 24 (G-24) developing nations, Alfonsin said that developing countries want "progress and happiness" as well as "peace and cooperation." People in those countries have been working hard to eliminate backwardness in their nations.

He added that rising protectionism, high interest rates, nosediving prices of primary commodities and the flow of capital of developing countries to industrialized countries have hindered the economic growth and modernization of the developing countries. These policies pose a threat to democracy and national independence of those countries, Alfonsin stated. On the foreign debt problem facing developing countries, Alfonsin said that fundamentally, debt crisis does not originate from inferior factors, but from the impact of political discrimination and high interest rate policies pursued by most industrialized countries. The president warned that the present crisis cannot be settled, if interest rates and the prices of primary commodities are not restored to reasonable levels. He stressed the importance of cooperation between developed and developing countries in coping with the present economic crisis.

The G-24 ministers' meeting, which opened here today, is a preparatory meeting for a session in Washington in April. The April meeting is being organized by the Interim Committee of the International Monetary Fund (IMF) and the IMF-World Bank Development Committee. The one-day meeting concentrated on the debt problem, the transfer of capital to developing countries and reform of the international monetary system. In order to further unify their positions, the ministers agreed to meet again in Washington between April 6 and 8 before the two committees' meeting opens. Earlier, the G-24 executive committee met while the vice ministers held a preparatory meeting.

Tian Yinong, Chinese vice minister of finance, who attended today's meeting at an invitation from the group, told the participants that China fully supports "reasonable proposals made by developing countries for settling the debt problem." Tian pointed out, "the fundamental solution to the debt problem lies in enhancing the economic vitality and debt-servicing capability as well as easing debt burdens of the debtor countries. "To this end, it is imperative that the debtor and creditor countries should share the responsibility for settling the problem," he added.

SUPERPOWERS URGED TO BAN ALL NUCLEAR TESTS

OW110446 Beijing XINHUA in English 0243 GMT 11 Mar 86

[Text] Athens, March 10 (XINHUA) -- The six signatories to the "five-continent peace initiative" have called on the leaders of the two superpowers to ban all nuclear tests before their next summit, according to the Greek news agency ANA. In a joint statement released here today by the Greek prime minister's Diplomatic Bureau, the leaders of Greece, Mexico, Argentina, India, Tanzania and Sweden, said such a step would signal that the two superpowers are prepared to draw practical conclusions from their joint statement in Geneva last November that "nuclear war cannot be won and must never be fought." The six leaders expressed their willingness to "assist in verifying any halt in nuclear testing, to remove doubts about compliance and possible violations," adding that such assistance could include "on-site inspection as well as monitoring activities both on your territories and in our own countries."

According to ANA, the statement was approved by late Swedish Prime Minister Olof Palme in the morning of February 28, the day he was assassinated. The statement said although Reagan and Gorbachev had expressed their determination in Geneva to achieve early results in the negotiations on space and nuclear disarmament, no concrete measures had so far been agreed to. The six leaders stressed that as long as nuclear weapons existed there could be no security in the world and that people still live with "the awful possibility of extinction in a nuclear holocaust, whether by accident or design."

DPRK JOURNAL CITED ON OVERCOMING BUREAUCRATISM

HK110153 Beijing RENMIN RIBAO in Chinese 5 Mar 86 p 6

[Special dispatch from Pyongyang by reporters Liu Zhengxue and Feng Zhiyuan:
"KULLOJA, Organ of the KWP Central Committee, Carries Commentary Calling on Leading Cadres To Go to Grass Roots in Order To Overcome Bureaucratism"]

[Text] Pyongyang, 4 Mar (RENMIN RIBAO) -- KULLOJA No 2, an organ of the Korean Workers' Party [KWP] Central Committee which has just been published, carries an important commentary calling on all leading cadres to go deep down to the grass roots and among the masses, to improve their leadership methods, and to avoid the mistakes of subjectivism, bureaucratism, and formalism.

The article states that leading cadres must frequently go deep down to the grass roots and become one with the masses before they can make new achievements in production and construction. This work method should be stipulated in relevant regulations.

The article says that it is therefore necessary to cut as many meetings as possible and to cancel document "games." Regarding necessary meetings, we must make preparations in advance and try to obtain practical results within the shortest time possible. With the increase of meetings and document "games," the cadres will be bound hand and foot. They will then be busy in their offices and will not be able to go deep down to grass roots as they normally should.

The article points out that when leading cadres go down to the grass roots, they should not merely contact the few functionaries with whom they often meet, and should not just visit a few places in the same way as though they were sightseeing. Nor should they go with the hope of finding faults. All these may lead to mistakes of subjectivism, bureaucratism, and formalism. The article hopes that leading cadres will go deep down to the grass roots, listen extensively to the views of the masses, make concrete analyses on various aspects, correctly discover existing problems in reality, assist and give guidance to the work of the grass roots, arouse the revolutionary enthusiasm of the masses, and promote development in production and construction.

The article also points out that leading cadres must have a good understanding of the party's policies and have extensive mastery of science and technology. Only by fulfilling these two criteria can they do ideological work properly and thoroughly in accordance with the needs of the times, correctly direct modern production, and rationally solve problems in developing production and improving economic management according to socialist economic laws and the need to develop modern science and technology.

WEI MONGGOL-MONGOLIA TRADE DEVELOPS STEADILY

HK110242 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 9, 3 Mar 86 pp 12-13

[Article by He Qi: "For the First Time China and Mongolia Develop Local Trade"]

[Text] Beginning this year, China and the People's Republic of Mongolia have developed local trade for the first time. This is a new step taken in trade between the two countries.

At the invitation of the People's Republic of Mongolia, the New Monggol Autonomous Region border area trade delegation of China made an investigation tour to the People's Republic of Mongolia and discussed matters of trade between border areas of the two countries, from the end of October to the beginning of November 1985.

The delegation not only visited factories, shops, schools, research institutes, farms, pastures, and herdsmen's households in Mongolia, but also signed three documents with the Materials and Technology Supply Committee of the People's Republic of Mongolia: "The 1985-86 Protocol on Border Area Trade Between China and the People's Republic of Mongolia," "The 1986 General Contract on Border Area Trade Between China and Mongolia," and "The Protocol Between the Bank of China and the Mongolian State Bank on Settling Accounts and Procedures for Handling Financial Affairs in Border Area Trade." This was a good start to border area trade between the two countries.

Joint Efforts To Promote Bilateral Trade

According to the contract, the trade volume of the first lot of goods supplied in the first quarter of this year will be 636,000 Swiss francs. In accordance with the needs and capabilities of both sides, the People's Republic of Mongolia will provide Nei Monggol with six kinds of products: white newsprint, machine-made carpets, work boots, antelope horns, children's felt shoes, and used tires, amounting to 318,000 Swiss francs. Nei Monggol will provide the People's Republic of Mongolia with 10 kinds of commodities including sportswear, thermos flasks, volleyballs, paint brushes, and so on, amounting to 318,000 Swiss francs. The two sides have also agreed that talks on the contract for the second lot of goods supplied will be held during the first quarter of this year. The trade volume is expected to be relatively larger than that of the first quarter.

During the visit to the People's Republic of Mongolia, the Nei Monggol border area trade delegation also held a small exhibition for the Mongolian people, displaying over 600 samples of commodities, mostly produced in Nei Monggol, including copper products, musical instruments, garments, knitwear, shoes, hats, toys, foodstuffs, household electrical appliances, and so on. People from all walks of life in Mongolia spoke favorably of the commodities produced by Nei Monggol and said that the local resources and export commodities of Nei Monggol could meet the needs of Mongolia. During the exhibition period, the border area trade delegation of the People's Republic of Mongolia carefully selected more than 80 kinds of commodities in which it was interested, showing a strong desire to energetically develop border area trade with Nei Monggol. For example, in addition to traditional commodities, the Mongolian side expressed its willingness to exchange wheat flour for Nei Monggol's broom corn millet. To this, Nei Monggol will respond positively.

Trade Between the Two Countries Tends To Develop Steadily

The People's Republic of Mongolia was one of the first countries to recognize and establish diplomatic relations with China. Since the two countries signed the "Sino-Mongolian Economic and Cultural Cooperation Agreement" in Beijing in October 1952, trade between the two countries has never been suspended. In particular, since the railway line joining Jining in the Nei Monggol Autonomous Region and Ulan Bator, the capital of Mongolia, was built and put into use in 1955, trade between the two countries has increased rapidly. By 1960, the trade volume had reached 31.29 million rubles, 46 times that in 1951 and accounting for 20 percent of the foreign trade volume of the People's Republic of Mongolia. Trade was at its height during this period. Later, because of the complicated international setting, trade between the two countries fluctuated and was unstable. In the past 5 years, trade between the two countries has tended to develop steadily again. The total trade volume in 1985 was 15 million Swiss francs, 53.3 percent over that in 1984.

In the past 30 years or so, the People's Republic of Mongolia has exported more than 50 kinds of commodities to China and China has exported more than 1,000 kinds of commodities to Mongolia. Chief commodities from Mongolia include livestock products, logs, medicine, and so on. Chief commodities provided by China include cloth, silk products, garments, tobacco, tea, sugar, condiments, and various light industrial products.

WANG ZHEN, KANG KEQING MEET JAPANESE VISITORS

OW101844 Beijing XINHUA in English 1840 CMT 10 Mar 86

[Text] Beijing, March 10 (XINHUA) -- Wang Zhen, honorary president of the China-Japan Friendship Association, and Kang Keqing, chairman of the All-China Women's Federation, met on separate occasions here this evening with a Japan-China friendship delegation for exchanges between women's organizations.

Later, the All-China Women's Federation gave a banquet for the 127-member delegation led by Yasuko Terada, director of the Special Projects Department of the MAINICHI SHIMBUN newspaper and vice-president of the World Association of Women Journalists and Writers. meanwhile, the delegation sponsored a flower arrangement demonstration and an exhibition of cut-out paper patterns here this afternoon.

WANG ZHEN MEETS JAPANESE ECONOMISTS 11 MARCH

OW110841 Beijing XINHUA in English 0826 GMT 11 Mar 86

[Text] Beijing, March 11 (XINHUA) -- Wang Zhen, honorary president of the China-Japan Friendship Association, met with Kaheita Okazaki, permanent adviser to the Japan-China Economic Association, and his party here today.

After the meeting, Wang gave a luncheon in honor of the Japanese visitors who arrived in Beijing yesterday as guests of the China International Travel Service head office.

NEW ZEALAND'S LANGE ON TRADE EXPANSION WITH PRC

OW101242 Beijing XINHUA in English 1229 GMT 10 Mar 86

[Text] Wellington, March 10 (XINHUA) -- Prime Minister David Lange has hoped to expand trade between New Zealand and China, according to the latest issue of THE NEW ZEALAND-CHINA TRADE JOURNAL published here today. In an interview with the journal, Lange said "The government has offered a direct encouragement to the Chinese to further develop their penetration of the New Zealand market by way of the import liberalization measures that have been announced since their assumption of office in July 1984." The measures were good to overcome the present trade imbalance, which is heavily in New Zealand's favor, Lange added.

On joint venture cooperation between the two countries, Lange said, "A joint venture operation is one particularly good mechanism to foster an economic relationship since it allows for the skills, goods and services of one country to be blended with those of another." Lange added, "It is important to note that the trading relationship with China is no longer a straight buyer/seller situation as we look towards counter trade proposals, scientific cooperation, and joint ventures involving technology transfer."

AUSTRALIA'S HAWKE RECEIVES PRC OFFICIALS

OW110802 Beijing XINHUA in English 0750 GMT 11 Mar 86

[Text] Canberra, March 11 (XINHUA) -- Australian Prime Minister Robert Hawke received Hu Jintao, secretary of the Guizhou Provincial Committee of the Chinese Communist Party and Liao Hui, minister of the Overseas Chinese Affairs Office of the State Council, at Parliament House today. Cordial and friendly talks were held between Hawke and the Chinese guests. Hu Jintao told Prime Minister Hawke that the Chinese leaders are expecting his forthcoming visit to China. Hawke said he was earnestly looking forward to his China visit in May. Hu and Liao have come to visit Australia at the invitation of Australian Foreign Minister Bill Hayden.

KANG SHIEN FETES AUSTRALIAN BUSINESSMAN 11 MAR

OW110837 Beijing XINHUA in English 0827 GMT 11 Mar 86

[Text] Beijing, March 11 (XINHUA) -- State Councillor Kang Shien met and feted here today Bryan Kelman, general manager of the Colonial Sugar Refining Company of Australia, and his party.

THAI OFFICIAL SAYS SRV 'SOWING DISCORD' IN ASEAN

OW072016 Beijing XINHUA in English 2008 GMT 7 Mar 86

[Text] Bangkok, March 7 (XINHUA) -- Thailand today refuted Vietnam's allegation that the February 24 statement of the Association of Southeast Asian Nations (ASEAN) in support of Democratic Kampuchea was only the stand of Thailand. Thai Foreign Ministry spokesman Sawanit Kongsiri said at a news conference here today that the ASEAN statement was unanimously adopted by all its six member countries. The Vietnamese allegation was only aimed at sowing discord between Thailand and the other ASEAN members. Vietnam had time and again tried to drive a wedge between Thailand and Indonesia as well as other ASEAN members and it had never succeeded, he added.

There might be differences among the ASEAN countries some times, Sawanit said, but whenever they reach an agreement they would unanimously issue a joint statement.

The Coalition Government of Democratic Kampuchea (CGDK) issued a statement on February 8 saying that the root cause of the Kampuchean problem is the invasion and military occupation of Kampuchea by Vietnam. The CGDK expressed its readiness to enter directly into negotiation or by way of proximity talks with Vietnam to discuss the basic elements of a comprehensive and lasting settlement of the Kampuchean problem.

On February 24 ASEAN issued a statement to support the CGDK position and appeal to Hanoi for positive response to the CGDK. However, a spokesman of the Vietnamese Foreign Ministry asserted on March 3 that the ASEAN statement was only a statement of Thailand. Sawanit said that the CGDK's proposal was reasonable and in accord with the U.N. resolutions on the solution to the Kampuchean problem.

FURTHER DEVELOPMENTS IN PHILIPPINES NOTED

Solarz Promises Support

HK080546 Beijing International Service in Tagalog 1130 GMT 7 Mar 86

[Text] In Manila, a visiting U.S. congressional delegation has declared that the United States will help and support the Philippine Government in its efforts to get back the wealth illegally obtained and hidden abroad by former President Ferdinand Marcos and his cronies. The American delegation is headed by Stephen Solarz, chairman of the U.S. House Subcommittee on Asia and Pacific Affairs. Commenting on the subject of the possibility of a renewed probe of the Aquino assassination, Solarz said the United States will help the Philippine Government pinpoint who was responsible for the murder and bring them to trial. Meanwhile, Solarz and his delegation met with President Corazon Aquino and discussed issues involving relations between the Philippines and the United States.

Release of Sison

HK070655 Beijing International Service in Tagalog 1130 GMT 6 Mar 86

Two prosecutors have also resigned in line with the order of President Corazon Aquino for all justices to submit their resignations. Pamaran said he would not oppose the reopening of the Aquino murder case, but he said it would be best if he was not involved in it. Meanwhile, all nine members of the Commission on Elections also submitted their resignations.

Marcos' Generals Restr'cted

OW101648 Beijing XINHUA in English 1616 GMT 10 Mar 86

[Text] Manila, March 10 (XINHUA) -- Philippine Defense Minister Juan Ponce Enrile today confirmed reports that three generals loyal to ousted President Ferdinand Marcos had been placed under military restriction, the PHILIPPINE NEWS AGENCY reported. The three Marcos loyalists were former chiefs of major services: Army Commander Major General Josephus Ramas, Air Force Commander Major General Vicente Piccio and Navy Commander Rear Admiral Brillante Ochoco. They were retired recently by President Corazon Aquino.

Enrile said they had been required to write narrations concerning their role during the four-day civilian-backed military uprising last month that forced Marcos to flee the country. "We are trying to solicit from them the narration, including orders from former President Marcos to launch an attack against the rebel forces," Enrile said.

Meanwhile, five brigadier generals considered as Marcos' loyalists were also asked to make their own narrations regarding their involvement during the event, the agency said. According to Chief of Staff General Fidel Ramos, Commodore Alfredo Romualdez, one of Marcos' brother, is still at large.

Aquino Case May Reopen

HK080540 Beijing International Service in Tagalog 1130 GMT 7 Mar 86

[Text] In Manila, the chief prosecutor in the Aquino assassination trial had admitted that the justices involved in the case were pressured by former President Ferdinand Marcos. The Justice Ministry yesterday said the Aquino murder case may be reopened if sufficient evidence is found that the trial, which acquitted the 26 accused men, was stage-managed.

Marcos Stay Confirmed

OW080914 Beijing XINHUA in English 0853 GMT 8 Mar 86

[Text] Washington, March 7 (XINHUA) -- U.S. Envoy Philip Habib said here today that the Reagan administration would allow deposed Philippine President Ferdinand Marcos to remain in the United States for at least six months and maybe longer, before deciding his legal status. Habib, after reporting to President Ronald Reagan on his Philippine mission, told reporters that "I think the question of status will be resolved over time. There's probably going to be a more detailed discussion of some of the technical ques-

State Department Spokesman Bernard Kalb confirmed later today that the administration will give the Philippine Government an inventory of all of the goods that Marcos and his associates brought with them. Kalb also told reporters that the Philippines Government has told the administration it has revoked all passports of the group and the question of whether new passports are issued is "under review."

Trade Volume Declines

OW100820 Beijing XINHUA in English 0732 GMT 10 Mar 86

[Text] Manila, March 10 (XINHUA) -- Trade volume of the Philippines declined by 14 percent last year compared with that in 1984, according to a report of the National Census and Statistics Office (NCSO). The NCSO report quoted by "DAILY EXPRESS" today said that export receipts for the year slid by 14.2 percent to 4.62 billion U.S. dollars from 5.39 billion U.S. dollars in 1984. Value of imports, on the other hand, also dropped at a higher rate of 15.7 percent to 5.11 billion U.S. dollars.

The NCSO report noted, the declines in both export and import figures pulled down the country's trade performance during the year by 14 percent or from 11.46 billion U.S. dollars in 1984 to 9.74 billion U.S. dollars. It added that last year the country suffered a negative trade balance of 486 million U.S. dollars although at a lower 28.4 percent rate compared with the 679 million U.S. dollars of trade deficit in 1984.

The report did not state the factors that caused the deterioration of the country's trade performance, but observers here considered the economic crisis caused by the uncertain political situation which led to erosion of business confidence as the main reason. NCSO data also showed that the country had registered negative trade balances with all its trading partners except the European Economic Community.

Japan Invites Aquino

HK080544 Beijing International Service in Tagalog 1130 GMT 7 Mar 86

[Text] A special representative of Japanese Prime Minister Yasuhiro Nakasone has extended the premier's personal invitation to President Corazon Aquino to visit Tokyo when seven industrialized nations hold their summit conference from 4 to 6 May. According to the PHILIPPINE NEWS AGENCY, (Kusuki Ito), a member of the Japanese House of Representatives, arrived in Manila yesterday as a special envoy for Nakasone so as to personally deliver the premier's letter to President Aquino.

Talks With Ershad Successful

OW101504 Beijing XINHUA in English 1442 GMT 10 Mar 86

[Text] Dhaka, March 10 (XINHUA) -- Chinese President Li Xiannian today described his talks with Bangladesh President Hussain Mohammad Ershad as "very successful." In an interview with Bangladesh television this afternoon, Li said the two leaders reached a broad consensus of views during the talks which covered bilateral relations and international issues of mutual concern. "Both countries are satisfied with the progress achieved in our relations," the president said. The two nations "will work together to promote Sino-Bangladesh friendly relations and cooperation to a new high," he added.

Touching on the establishment of the South Asian Association for Regional Cooperation (SAARC), of which Bangladesh is the initiator, Li said China hopes that the South Asian countries, guided by the organization's charter, will "live in harmony, engage in friendly cooperation and strive for common progress." "We also hope that the SAARC will make a positive contribution to the maintenance of peace and stability in South Asia and Asia at large," Li said.

Asked about his views on South-South cooperation, Li Xiannian said "to strengthen unity and cooperation with other Third World countries is a cornerstone of China's foreign policy." "We actively support South-South cooperation." The Chinese president pledged that China will maintain its political stability and unity and will continue to pursue the policy of opening up to the outside world while invigorating its domestic economy.

Li Xiannian is here on a three-day state visit, the first by a Chinese head of state to this South Asian nation since its independence in 1971.

Cooperation Pact Signed

OW101633 Beijing XINHUA in English 1619 GMT 10 Mar 86

[Text] Dhaka, March 10 (XINHUA) -- China and Bangladesh signed here this evening an agreement on cooperation in economy and technology. Details of the agreement are not immediately available but it is believed that under the agreement China will provide a substantial amount of loan to Bangladesh for its economic development programs.

According to another document also signed here this evening, China will provide 60,000 sets of children clothing to Bangladesh. China has helped Bangladesh with a number of projects including the construction of a medium-sized chemical fertilizer plant, and a textile mill. The China-Bangladesh Joint Commission, set up in 1983, decided last January to widen cooperation in coal-mining, chemical and light industries, science and technology. Li is here on a three-day visit, the first by a Chinese head of state to this South Asian nation since its independence in 1971.

Leaders Stress World Peace

OW 01635 Beijing XINHUA in English 1622 GMT 10 Mar 86

[Text] Dhaka, March 10 (XINHUA) -- Visiting Chinese President Li Xiannian and Bangladesh Deputy Chief Martial Law Administrator Sultan Mahmud today stressed the need for world peace, according to a Chinese Foreign Ministry official travelling with the president. Mahmud, who is also the country's chief of air staff, called on Li Xiannian this afternoon, the official said.

During the meeting, the Chinese president said "China needs peace, Bangladesh needs peace. And every country in South Asia needs peace." Mahmud said that Bangladesh really need peace and stability. The Bangladesh people are proud of having friends like China, he added. The Chinese president said he hopes the two countries will further their economic cooperation in various forms.

Bangladesh Foreign Minister Humayun Rasheed Chowdhury also called on President Li Xiannian this afternoon. The two had "cordial and friendly talks," the official said. Humayun stressed during the talks that a new world economic order could be established only through South-South cooperation. The Chinese president shared the same views and said South-South strengthening cooperation is a must for the South-North dialogue. The Chinese president and his party arrived here last Saturday for a three-day state visit to Bangladesh.

Li Holds Return Banquet

OW101639 Beijing XINHUA in English 1626 GMT 10 Mar 86

[Text] Dhaka, March 10 (XINHUA) -- Chinese president Li Xiannian said here today that his current three-day visit here "has contributed to better mutual understanding and increased friendship" between the two countries. Speaking at a return banquet this evening, he told Bangladesh President Hussain Mohammad Ershad that their "fruitful talks will surely further enhance our mutual trust and friendly relations and cooperation."

In reply, Ershad said that their "wide-ranging exchange of views" in the last three days was "most fruitful," and "has enabled us to identify even more clearly the areas of our cooperation both in bilateral and international fields." President Li arrived here on March 8 as the first Chinese head of state ever to visit Bangladesh since its independence in 1971. Li visited Dhaka first in 1978 as vice premier. Li Xiannian is to leave Dhaka tomorrow morning for Colombo for a three-day visit.

Leaves Bangladesh for Sri Lanka

OW110638 Beijing XINHUA in English 0630 GMT 11 Mar 86

[Text] Dhaka, March 11 (XINHUA) -- Chinese President Li Xiannian and his wife Lin Jiamei today left here for Colombo after winding up a three-day state visit to Bangladesh. President Li was accorded warm welcome anywhere he went. He had formal talks with President Ershad on bilateral and international issues of common interest.

During the visit, China and Bangladesh signed an agreement on cooperation in economy and technology. President Li and his wife were seen off at the Dhaka international airport by President Ershad and his wife. Also present at the airport were cabinet ministers, high ranking civil and Army officials and foreign diplomats here.

Arrives in Sri Lanka

OW110824 Beijing XINHUA in English 0815 GMT 11 Mar 86

[Text] Colombo, March 11 (XINHUA) -- Chinese President Li Xiannian arrived here today at noon for a three-day state visit at the invitation of Sri Lankan President J.R. Jayewardene. He is the first Chinese head of state to visit Sri Lanka since the two countries established diplomatic relations in 1957.

President Li and his wife Lin Jiamei were welcomed at the airport by Lalith Athulathmudali, minister in attendance and also minister of national security, and other Sri Lankan senior officials, as well as Zhou Shanyan, Chinese ambassador to Sri Lanka.

In a written statement issued at the airport, President Li conveyed cordial greetings and best wishes of the Chinese people to the fraternal people of Sri Lanka. He stressed that the purpose of his current visit to Sri Lanka "is to enhance Sino-Sri Lankan friendship, strengthen bilateral cooperation and learn from the people of Sri Lanka."

After signing his name on the "golden book" (distinguished visitors' book), the president and his party drove along colorfully decorated streets to Janadhipathi Mawatha (the president road, opposite from the presidential residence) for the official welcome ceremony. Accompanying the President during his visit here are Chen Muhua, state councillor, Liu Shuqing, vice-foreign minister and Lu Xuejian, vice-minister of foreign economic relations and trade. The Chinese president, who just concluded his visit to Bangladesh, the first leg of his three-week Afro-Asian tour, is expected to exchange views with President Jayewardene on bilateral and international issues of common concern.

NEPALESE PRIME MINISTER RECEIVES DELEGATION

OW101330 Beijing XINHUA in English 1315 GMT 10 Mar 86

[Text] Katmandu, March 10 (XINHUA) -- Prime Minister Lokendra Bahadur Chand said here this afternoon that the friendship between Nepal and China is mature and their economic cooperation successful. Chand said this while receiving a trade delegation from Tibet Autonomous Region of China headed by Jiang Cuo, vice chairman of the people's government of the region.

Chand noted that trade across the border of the two countries has a bright prospect. Jiang expressed the wish that the delegation's visit would help develop the traditional trade relations across the Himalayas. They also dealt with the prospects of the improvement of communications and transportation between Tibet and Nepal. The Tibetan delegation arrived here on March 7 for a week-long visit.

Trade Agreements Reached

OW102001 Beijing XINHUA in English 1948 GMT 10 Mar 86

[Text] Katmandu, March 10 (XINHUA) -- China's Tibet Autonomous Region and Nepal have agreed to boost their trade and tourism cooperation. The agreements were reached in their second round of trade talks which concluded here this evening. Jiang Cuo, vice chairman of the people's government of Tibet Autonomous Region and Damodar Prasad Gautam, secretary of the Ministry of Commerce of Nepal, signed the agreements, and described the talks as "successful" and fruitful. Gautam said Tibet would increase exports of sheep, wool and salt to Nepal, while Nepal would export more industrial products and grains to Tibet.

The two sides also agreed to facilitate travel for tourists between the two regions, and to supply each other with necessary goods for the tourists. Both sides agreed that earlier air links between Lhasa and Katmandu would help tourism development. They also agreed to study the joint efforts in Tibet to collect and process salt for Nepal and the training in Nepal of tourist service and management personnel for Tibet.

PORTUGUESE PRIME MINISTER MEETS CUI YUELI

OW110014 Beijing XINHUA in English 0052 GMT 11 Mar 86

[Text] Lisbon, March 10 (XINHUA) -- Portuguese Prime Minister Cavaco Silva met with Cui Yueli, special envoy of Chinese President Li Xiannian, at the residence of the prime minister this afternoon, to discuss bilateral issues.

Prime minister Silva had a one-hour cordial and friendly talk with Cui, also Chinese health minister, on the further development of the relations between the two countries.

Present on the occasion were Chinese Vice-Foreign Minister Zhou Nan and Chinese Ambassador Lu Jixin. Cui Yueli came here to attend the inauguration of the new Portuguese President Mario Soares.

NEWS ANALYSIS VIEWS NEW PORTUGUESE PRESIDENT

OW101923 Beijing XINHUA in English 1859 GMT 10 Mar 86

["News Analysis: Portugal's New President Promises Political Stability" -- XINHUA headline]

[Text] Lisbon, March 9 (XINHUA) -- The inauguration today of newly-elected President Mario Soares, Portugal's first civilian president in 60 years, marks the end of the transition from military rule to democracy -- a process which began 12 years ago with the overthrow of Antonio Salazar's fascist regime. The Socialist Party leader's inauguration also marks the beginning of what many believe will be a tortuous trail toward Soares' stated goal of political stability. Indeed, Soares' goal is a lofty one considering that the government has changed hands no less than 15 times in the last 12 years.

In his inauguration speech, Soares promised to cooperate with all political parties and institutions to attain political stability and to promote economic development. Soares has his work cut out for him. His first thorny task will be to smooth over his quarrels with Prime Minister Cavaco Silva, leader of the ruling Social Democratic Party who last June brought down Soares' coalition government which was formed by the Socialists and the Social Democrats. During the recent presidential elections, Silva staunchly supported Conservative presidential candidate Freitas do Amaral against Soares.

Soares' victory means a setback not only for Silva but also for his fragile Social Democratic minority government, which has only 88 of the 250 seats in Parliament. Silva said that Soares' victory would encourage the opposition to paralyze the government. Silva made it clear that he and his party would "not give up the fight to change Portugal."

In his inauguration remarks, the new president said that he would give loyal support and understanding to the present government, but that there are differences between his ideas of changing Portugal and Silva's. The Social Democrats advocate modification of the country's Constitution, labor and agriculture law, and the electoral system. Simply put, the social Democrats want to reprivatize some state industries as well as the agriculture industry, and they want to eventually end the wide-spread use of temporary work contracts, moves which they say are aimed at freeing Portugal's economy from "stifling" state domination. And while Soares, too, is committed to economic reform, he wants to move with more cautious, deliberate steps. Soares is also committed to a social program which will prevent conflicts between employers, workers and government.

These arguments are regarded as the factors which could severely handicap the functioning of the present government. Despite the delicate political situation, the Portuguese Government is seeing some improvements in its beleaguered economy. Last year both the current account deficit and the inflation rate dropped. Portugal's entry into the European Economic Community on January 1 will undoubtedly be a boost to its economy. What remains to be seen, then, is how effectively Soares will use the slightly improved economic situation and his popular support to attain his difficult goal of political stability.

EUROPEAN COMMUNITY DELEGATION ENDS VISIT

OW101853 Beijing XINHUA in English 1845 GMT 10 Mar 86

[Text] Beijing, March 10 (XINHUA) -- A delegation from the European Community left here tonight at the end of its visit to China. While in Beijing the delegation attended the first meeting of the joint committee of the agreement of trade and economic cooperation between China and the European Community.

During the meeting the Chinese and European Community delegations expressed satisfaction with the growth of bilateral trade and cooperation in the past year, and agreed to continue their efforts to further expand economic and technological cooperation. They also discussed the expansion of China's exports to the European Community.

AMSTERDAM-ROTTERDAM BANK OPENS BEIJING OFFICE

OW101646 Beijing XINHUA in English 1436 GMT 10 Mar 86

[Text] Beijing March 10 (XINHUA) -- The Amro (Amsterdam-Rotterdam) Bank opens its Beijing representative office here today. The Amro Bank is the first Dutch bank with its own representative office in China.

Speaking at the opening ceremony which took place in the Great Hall of the People, R.K. Nelissen, chairman of the board of managing directors of the Amro Bank, said the office was set up to cope with the expansion of trade and investment between Holland and China. He said, since 1982, import and export trade between the two countries has increased five-fold. So far, about 50 percent of trade payments and documentary credits business between China and the Netherlands are handled by the bank. He hoped the opening of the Amro Bank's Beijing office be a new milestone in the expansion of Chinese and Dutch collaboration in business, investment and banking.

NEW AMBASSADOR TO NETHERLANDS PRESENTS CREDENTIALS

OW110043 Beijing Domestic Service in Mandarin 0300 GMT 6 Mar 86

[Summary] Wang Guixin, China's new ambassador to the Kingdom of the Netherlands, presented credentials to Queen Beatrix, head of state of the Netherlands yesterday. Queen Beatrix had a cordial talk with Ambassador Wang Guixin, hoping that Sino-Dutch relations would further strengthen and develop. Ambassador Wang Guixin arrived in The Hague on 20 February. She paid a call on Hans van den Broek, Netherlands foreign minister, on 4 March.

ZHANG JINGFU MEETS FRG BENZ CORPORATION OFFICIAL

OW051259 Beijing XINHUA in English 1228 GMT 5 Mar 86

[Text] Beijing, March 5 (XINHUA) -- Chinese State Councillor Zhang Jingfu today called for an early agreement on the import of Benz Corporation's heavy-duty truck production technology. At a meeting here with Gerhard Liener, member of the board of management of Benz Corp., Zhang said cooperation between China and the Federal Republic of Germany enjoyed broad prospects.

Liener said progress had already been made in the talks between his corporation and China North Industries Corporation on heavy-duty truck technology.

FRG CHANCELLOR KOHL ON EAST-WEST RELATIONS

OW071314 Beijing XINHUA in English 1127 GMT 7 Mar 86

[Text] Bonn, March 6 (XINHUA) -- Federal German Chancellor Helmut Kohl said today he believes there will be no "new freezing period" in East-West relations following the Soviet Communist Party's congress. Kohl told a press conference the West can draw the conclusion from changes in the Soviet economic and political structure that Moscow is trying to improve relations with Western countries in which it is interested. He expressed his "prudent optimism" about the East-West dialogue and the upcoming U.S.-Soviet summit.

He also predicted that there will be further cooperation between the two Germanys. Kohl indicated that the negotiations between Federal Germany and the United States on an agreement for Federal German participation in the U.S. Strategic Defensive Initiative are going smoothly and will soon be brought to a conclusion.

ENVOY IN LUXEMBOURG HONORED FOR SERVICE

OW101621 Beijing XINHUA in English 1456 GMT 10 Mar 86

[Text] Brussels, March 10 (XINHUA) -- Chinese Charge d'Affaires to Luxembourg Zhou Zhengdong, who left his post for home today, has been awarded the decoration of "grand officer" by the Luxembourg Government in recognition of his good service.

At a ceremony held last Friday, State Secretary for Foreign Affairs and Foreign Trade Robert Goebbels conferred the orders upon Zhou in the name of Grand Duke Jean. The Chinese diplomat expressed thanks for the honor. Before his departure, Zhou called on Leon Bollendorff, president of the Chamber of Deputies of Luxembourg, and Prime Minister Jacques Santer.

BRITAIN TURNS DOWN SOVIET NUCLEAR PROPOSAL

OW110838 Beijing XINHUA in English 0649 GMT 11 Mar 86

[Text] London, March 10 (XINHUA) -- Prime Minister Margaret Thatcher has reportedly rejected a Soviet proposal for a freeze in Britain's nuclear capacity. British press reports said here tonight that Thatcher's reply was delivered in Moscow tonight by Britain's Ambassador Sir Bryan Carledge.

In his plan of January 15, Soviet leader Mikhail Gorbachev proposed a three-phase elimination of all nuclear weapons by the end of the century. In phase one, lasting five to eight years, he called for a 50 percent cut in U.S. and Soviet strategic weapons, the elimination of all medium-range missiles in Europe and a freeze of British and French nuclear deterrents. Britain believes that its nuclear force falls into the strategic weapons category and outside the medium-range missile negotiations. Therefore, any linkage of Britain's Trident missiles with a medium-range missile agreement was expected to be rejected.

Britain is said to be "prepared" to hold a "dialogue" with the Soviet Union on arms control but not to negotiate directly.

ENVOY IN TUNIS MEETS 'ARAFAT, VOICES SUPPORT

OW110206 Beijing XINHUA in English 0132 GMT 11 Mar 86

[Text] Tunis, March 15 [date as received] (XINHUA) -- Chairman of the Executive Committee of the Palestine Liberation Organisation (PLO) Yasir 'Arafat declared here today that the PLO attaches great importance to close ranks with Jordan and other Arab states in the struggle to regain the Palestine people's rights. 'Arafat said this when he met with Chinese Ambassador to Tunis, Xie Bangding, this afternoon.

'Arafat pointed out the communique issued on Sunday jointly by the PLO and Fatah has reiterated the basic stand of the PLO in realising a just, overall and lasting peace in the Middle East. The PLO has put forward its formulas to attain this goal, he said. He said, the Palestine people in and outside the occupied lands have expressed their support to the PLO and are determined to fight along with the PLO for the liberation of their legitimate national rights. 'Arafat also expressed thanks to the Chinese Government and people for their consistent support and genuine friendship to the Palestine people.

The Chinese ambassador paid high tribute to the heroic struggle of the Palestine people led by the PLO for regaining their national rights. he reaffirmed that China has supported and will continue to support the Palestine people and the Arab people as a whole in realising their national goals.

NEWS ANALYSIS: S. AFRICA LIFTS RESTRICTIONS

OW081914 Beijing XINHUA in English 1846 GMT 8 Mar 86

["News Analysis: Lifting Emergency Law Will Not Bring Peace to South Africa" (by Wang Nengbiao) -- XINHUA headline]

[Text] Beijing, March 8 (XINHUA) -- The South African Government Friday lifted a world-wide-condemned 229-day-old emergency law and released 300 people detained without trial under the law. This move, however, will not halt the campaign against apartheid because the real mainstays of racial discrimination have been left untouched.

In a letter to U.N. Secretary-General Javier Perez de Cuellar, South African Foreign Minister Pik Botha said his government intended to introduce legislation to deal with situations of unrest without declaring a state of emergency. Member of Parliament Helen Suzman, a member of the white opposition Progressive Federal Party, said the comment "confirms my fears that new legislation will create a permanent state of emergency in South Africa."

Black leaders contend that the decision to end the emergency was simply a move designed to win political points with South Africa's Western allies which have been shocked by the government's brutal repression of blacks protesting the state of emergency. But even though the emergency law has been lifted, other laws permitting indefinite detention without trial and a ban on open air political meetings remain in force. A number of people freed on Friday immediately renewed their demands for an end to apartheid and political oppression. Ismail Momoniat, a spokesman for 74 freed persons, said that "the lifting of the state of emergency does not resolve the fundamental problems of our country." Jabu Ngwenya, organizer of a consumer boycott in Soweto said "we've been released to a sick society. We won't rest until our country is freed from political bondage."

Reacting to South African President P.W. Botha's announcement last Tuesday that the emergency law would be lifted, the largest alliance against apartheid, the United Democratic Front (UDF), said violence would end only when blacks were given full political rights in the country. In his speech Botha said that "existing legislation will be reviewed and amended to provide the authorities with the statutory powers required to protect lives and property effectively." The UDF called the announcement a victory for the anti-apartheid campaign, but feared that "the government is going to broaden the already draconian provisions of the internal security act. The effect of this is that a de facto state of emergency will exist throughout our country."

Allan Boesak, a leading black campaigner said that he hoped the lifting of the bar means that troops will be withdrawn from the townships, that the indemnity police have from their actions will be ended, and that meetings of the community to discuss issues of concern will no longer be banned.

The unrest sweeping across South Africa broke out in August 1984 when South Africa began to implement a new Constitution adopted in 1983 granting other races, Asian and Coloreds, a limited right for the first time to organize their own parliaments to deal with their administrative affairs such as pensions, housing, health care and education, with the final say on finance, defense and diplomacy still in the hands of whites.

The new Constitution continued to exclude the black majority from a say in state affairs. The move immediately prompted an angry black reaction. Many Coloreds and Asians were also opposed to the new Constitution. During the elections for the new parliaments, hundreds of thousands of people took to the streets to demonstrate and protest rallies against the new Constitution were staged throughout the country. As the waves of protest gained momentum in September, black township authorities decided to increase rents. The decision added fuel to the flames and anti-apartheid activities intensified. Protests spread from Sharpeville to other black townships.

Since then, almost not one day has passed without violent demonstrations, street clashes, strikes and boycotts. Early last November hundreds of thousands of workers struck and students boycotted classes in Johannesburg and in the Vall trilateral area, a vital industrial area to the south. The damage caused by the strikes to the South African economy amounted to several million dollars.

In a vain attempt to clamp down on the racial turmoil South Africa last July imposed the emergency law in 36 districts and extended to police and the Army unlimited power to search, and arrest black leaders and activists and allowed the use of guns to curb violent protests. The law was later extended to eight districts including Cape Town and the largest black township, Soweto.

More than 1,200 people, mostly blacks, have died in the past 18-months of unrest, about 800 have died since the emergency law was imposed, according to police reports. South African Law and Order Minister Louis le Grange said Monday that South Africa police killed 736 people, 201 under the age of 17, and wounded 2,571 others last year. The detainees' parents support committee said Wednesday police jailed 11,000 anti-apartheid activists last year, nearly 10 times as many as the previous year.

However, the emergency law failed to stifle black struggle. Protesting young blacks hurled stones and gasoline bombs at police and police vehicles, burned police cars and houses of police and local officials and killed black policemen and other black officials who were seen as traitors and collaborators. Hundreds of black policemen and local officials have resigned or fled to white areas with their family members. Many black township councils, installed by the government, have been paralyzed and rendered ineffectual.

According to Law and Order Minister Le Grange, "Damage caused to property amounts to more than 43 million dollars" and a total of 920 schools were either destroyed or extensively damaged as well as 33 churches, 17 clinics, 639 shops, 286 liquor stores, 2,528 private homes, 5,054 buses and 5,338 private vehicles. Black students' boycott of classes have been almost non-stop in the past two years. Students demand the scrapping of separate education and the right to elect their own student representative council, and are calling for the end of inferior education conditions for blacks. The continuing school boycotts have almost paralyzed black education.

Businessmen in South Africa are becoming more and more critical of apartheid. They have called for a speeding up of reforms and dialogue between government and black leaders. The recent political uncertainty has weakened foreign business confidence in South Africa. Foreign banks are increasingly reluctant to extend loans or offer new investment in South Africa. They have cut off lines of credit, withdrawn much of their capital and rejected requests for a rollover of debts.

The emergency law prompted world-wide condemnation. Mass demonstrations and rallies were held in Paris, Bonn, London and Washington. Participants called on their governments to impose sanctions on South Africa. In some Western countries, transport workers refused to load and unload goods from or to South Africa, postal workers refused to handle mail to or from South Africa and shops refused to sell South African goods. More than 20 countries have now imposed sanctions against South Africa. These include the suspension of all trade relations, air links, bans on new loans and investments, oil supplies and exports of computer equipment.

As a result of these economic moves the South African economy is in trouble. The rand has lost much of its value and still the protests continue. The emergency law, which was designed to quell racial unrest, has clearly failed and its lifting, to be replaced with more subtle but nonetheless repressive measures, will not stop black protest. So long as apartheid remains in South Africa, any and all measures to halt the violence will fail.

Opposition leader Helen Suzman said the emergency law had done nothing to calm the anti-apartheid unrest. She warns that "unless an attempt is made to get to the roots of the unrest, we will have an ongoing, endemic state of violence in this country."

DENG LIQUN MEETS IRAQI VISITOR 7 MARCH

OW071040 Beijing XINHUA in English 1030 GMT 7 Mar 86

[Text] Beijing, March 7 (XINHUA) -- Deng Liqun, member of the Secretariat of the Central Committee of the Chinese Communist Party (CPC), met here today with Dr. Elias Farah, a theoretician from the Arab Ba'ath Socialist Party. Farah arrived in China on February 23 as a guest of the International Liaison Department of the CPC Central Committee. He has visited Beijing, Guangzhou, Shenzhen and Shanghai.

LIAOWANG COMMENTS ON U.S. LATIN AMERICAN POLICY

HK070915 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 9, 3 Mar 86 pp 26-27

[Article by Hu Tairan: "The U.S. Latin American Policy as Seen From the Haitian Political Situation"]

[Text] Pounded by the tide of the people's indignant protests, the Duvalier hereditary regime which had ruled Haiti for nearly 29 years collapsed in early February. "President-for-life" Jean-Claude Duvalier fled the black Caribbean island state in panic on board a U.S. Air Force transport plane and is staying temporarily in France. Following the overthrow of the Somoza dynasty in Nicaragua, this was another major incident in the small number of autocratic states in Latin America, indicating the upsurge of the Latin American people's national democratic movement.

The fall of the Duvalier dynasty was the outcome of the struggle against violent repression waged by the Haitian people, driven beyond the limits of forbearance under the long dark rule. However, the methods by which Jean-Claude Duvalier fell from power and fled the country were worked out by the United States after long deliberation. The Duvalier dynasty had been notorious for a long time and Haitian resistance movements rose one after another. THE WASHINGTON POST quoted a U.S. Government official as saying that, as far back as at the end of last November, when the Haitian people set off a great upsurge of protests, the Reagan administration began to plot the substitution of the Duvalier dynasty by a "traditional" commission consisting of both military and civilian personnel in order to reduce the danger of "great bloodshed." Before Christmas, the White House had decided to change horses and delivered a clear message to Duvalier. Last January, the Reagan administration "began to clearly distance itself" from the Duvalier regime and, at the same time, contacted opposition parties and possible replacements. At the end of January, during several days of antigovernment demonstrations by tens of thousands of people in Cap Haitien, a seaside resort frequented by American tourists, the United States publicly exerted pressure on Duvalier. It froze the first installment of \$26 million in a \$67 million aid package. It also issued threats of military intervention in the name of protecting its nationals and urgently called on Duvalier to leave Haiti before the carnival. Intimidated and remonstrated face to face by the U.S. ambassador to Haiti, Duvalier agreed to relinquish power and went to the airport with his family in preparation for a get-away. White House spokesman Larry Speakes hurriedly announced that Duvalier had collapsed, but due to the failure to set up a substitute body acceptable to all parties, army men who did not want to lose their vested interests fetched Duvalier back to the national palace, where he lingered on until 7 February, the day before the carnival.

Both Haiti and the Dominican Republic are on Hispaniola Island. Situated in the center of the Caribbean Sea and facing Puerto Rico to the east and Cuba to the west, the island occupies an important strategic position. As the CHICAGO TRIBUNE pointed out: "Washington needs a friend at its back door and the free seaway -- particularly a friend who is such a short distance away from Cuba." In the past, the United States occupied Dominican Republic and Haiti for a long time. At the beginning of this century, the United States propped up the Trujillo and the Duvalier dynasties in the two countries, as well as the Somoza regime in Nicaragua, which were called the three "most corrupt and sanguinary modern dynasties" in Central America and the Caribbean Sea. After Rafael Leonidas Trujillo Molina was assassinated in the early 1960's, the United States dispatched troops to Dominican Republic to put down the armed struggle waged by the patriotic soldiers and people. Since Somoza was overthrown in 1979, Ronald Reagan has never forgotten his intention to "remove" the "existing structure" in Nicaragua.

Having drawn lessons from the collapses of the two former autocratic regimes, the U.S. Government was worried about Haiti, which has been reduced to the status of the poorest country in the Western Hemisphere. Annoyed by the fact that most American aid had been embezzled and wasted, it had frozen and suspended economic aid and military aid to Haiti on numerous occasions and forced the Duvaliers to pursue "democratic" policies lest they be overthrown by the masses. Last July, Jean-Claude Duvalier held a "referendum" without any other contestants, revised the Constitution and, under the name of "democratization," legalized his right to become "president-for-life" and to appoint a successor, which aroused the indignation of the masses. Even the U.S. ambassador also publicly expressed his "disappointment" on the same day. As a result, the Reagan administration was determined to give up the dynasty that was hard to prop up, and to replace it with an interim government more suited to U.S. needs, in order to make a "peaceful and democratic transition."

A National Council of Government was set up after Duvalier's departure. Headed by Armed Forces Chief of Staff Henry Namphy, the council promised to hold direct elections to elect a president. The United States immediately expressed its appreciation and support and started talks on providing the interim government with \$51 million in aid. Most opposition parties in Haiti, however, are doubtful whether the government can really represent public opinion since it is mostly composed of people related to the Duvalier regime. They have also called on the United States not to interfere in the internal affairs of Haiti. The masses also took to the street to protest against the inclusion of former officials of the autocratic regime in the present government.

The changing political situation in Haiti reflects the evolution of U.S. Latin American policy. The United States has consistently pursued a "carrot and stick" policy toward Latin American countries. Since World War II, with the development of the national democratic revolutionary movements in Latin America, and particularly since the Cuban revolution, the United States has realized that its former policy of propping up pro-American autocratic regimes has not helped, but has put it in the difficult position of being violently opposed by the Latin American people. For this reason, while continually using military means, it has also acted in compliance with the wishes of the Latin American people for democratic reform. It supports Latin American countries in establishing Western-style "representative democracy" and carrying out mild bourgeois reforms in order to mitigate social and class contradictions and thus to stabilize its position in Latin America. From John F. Kennedy's "pursuit of progressive alliance" and Richard Nixon's "new relations of partnership" to Jimmy Carter's "human rights diplomacy" and Ronald Reagan's "promotion of democratic movements," U.S. Latin American policy "has been perfected." After taking office, Reagan called the "promotion of democratic movements" a "crucial factor in U.S. national security" and stressed that it would be the "basic orientation of U.S. foreign policy in the years ahead." In his view, successfully "promoting democratic movements" in Latin America constitutes the best guarantee for ultimately removing the "factor of a left-wing radical revolution" and the "soil for right-wing autocratic rule" in Latin America. The Reagan administration has even taken Latin America as a testing ground for practicing American-style representative democracy in the Third World, claiming that we can thus "prove that Third World countries can also solve their internal political, economic, and social problems without carrying out drastic social revolution." Now that the military juntas in most Latin American countries, particularly in such countries as Brazil and Argentina, have made a transition to democratic constitutionalism, the Reagan administration is concentrating more on practicing "peaceful and democratic transitions" in a handful of dynastic or military regimes strongly opposed by the masses. It has even publicly lashed out at persons in power and supported opposition factions. This is new trend in U.S. Latin American policy deserving our attention.

U.S. Latin American policy is most conspicuous in its attitude toward the Stroessner Government which has ruled Paraguay for 31 years. In the past 6 months or more, the United States has broken its long-standing silence, maintained since the Carter administration, and repeatedly lashed out at his landlocked Latin American country under autocratic rule. It has pointed out that the country lacks a "pluralistic, democratic, and open political system" and is "out of line" with the other Latin American countries, which are advancing toward democracy. It also refused to restore the military aid suspended since the Carter administration because of its record of human rights violations. Reagan himself has taken the lead in denouncing the existence of a "deep-rooted autocratic regime" in Paraguay.

The United States is also exerting increasing pressure on the Chilean military government. As far back as in September 1984, the U.S. State Department reacted to President Pinochet's remarks that the military government would continue to be in power until 1989 by stressing that the United States "categorically supports the restoration of an elected civilian government in this country as soon as possible." At the end of last August, the State Department publicly supported Chilean Cardinal Fresno in urging all opposition parties to form an alliance and "making efforts for a peaceful transition toward democracy." In turbulent Central America, the United States has even asked the countries under its influence to be more democratic. In the past 21 months, general elections have been held in these countries. As the last country under military rule in Central America, Guatemala has also "returned to parliamentary rule." In Honduras, where the frequency of coups d'etat is second only to Bolivia, a transfer of power between two civilian presidents occurred for the first time in nearly 50 years. The evolution of U.S. Latin American policy shows that the democratization movement in Latin America has turned into an irresistible trend of history.

HONDURAS NOT TO HELP FUNNEL AID TO CONTRAS

OW091627 Beijing XINHUA in English 1534 GMT 9 Mar 86

[Text] Mexico City, March 8 (XINHUA) -- Honduran President Jose Azcona said today that no U.S. aid is allowed to pass through his country to the Nicaraguan anti-government forces. According to reports from Tegucigalpa, while talking with visiting Dutch human rights delegation in Tegucigalpa, the president reiterated the Honduran Government's position on this issue in response to a recent speech by U.S. Defense Secretary Caspar Weinberger.

Weinberger had said that a change was taking place in the position of the Honduran Government on not allowing any U.S. aid to pass through Honduras to the Nicaraguan anti-government forces. Weinberger also said that the Honduran Government would support the U.S. undeclared war against Nicaragua. Azcona denied such allegations, saying that Honduras is negotiating with the United States, but so far they have not yet touched the issue of the Nicaraguan anti-government forces. He made it clear that Honduras does not want a war with Nicaragua.

Earlier, Honduran Foreign Minister Carlos Lopez Contreras said that Honduras hopes that the Central American problem could be solved peacefully through political negotiations. He described the Contadora Group's intermediation as the best alternative for the problem. Leader of the Honduran Congress Carlos Montoya also stressed that Honduras will not let U.S. aid to be sent to Nicaraguan rebels through his country.

CPC POLICIES SAID TO ASSURE TRIUMPH OF JUSTICE

HK100929 Beijing HONGQI in Chinese No 4, 16 Feb 86 p 47

[Article by Hou Gu: "Justice Is Bound To Overwhelm Evil"]

[Text] Among people 30 to 40 years old today, many are likely not to know that when the PRC was first established, certain people doubted our party's ability to sweep away the dregs of the old society. Contrary to these people's estimation, our country, over a short period, was able to completely eradicate this kind of social plague, and, for the sake of the nation and the people, the CPC demonstrated great wisdom and courage, winning people's admiration and respect. The story is a simple one. The dregs of the old society was comprised of rotten influences, supported by a very small handful of die-hard elements. The Communist Party righteously represents society, having the backing of millions of people. Once we have made a decision, the people's forces will congregate under the party's banner. Justice is bound to overwhelm evil. No problem is too difficult to solved. Many subsequent events have repeatedly attested to this point.

In recent years, the party's work style and social atmosphere have turned for the better, but not so ideally well. This is principally because many of our regions, departments, and units have not earnestly devoted great efforts to grasping problems in a down-to-earth manner. Moreover, as a result of the play of other subjective factors, certain people have treated party discipline and state laws as trifles, and crimes have been committed simultaneously with the reform. As soon as certain problems were solved, new ones would arise. As time went on, certain comrades considered the problems of the party's work style and social atmosphere as "great old difficulties." Touching on them, they would shake their head and sigh, more or less helplessly.

If we do not merely look at the phenomena but look at the facts, it should be said that the current improper wind, the illegal and undisciplined acts, serious economic crimes, and all other crimes are evil and rotten things and if we only command our righteous forces to attack them, striking hard and demolishing all the rubbish, it would not be so difficult after all. Let us look: In autumn 1983 we began to concentrate our forces to deal with serious criminal activities and the thieves, robbers, and criminal elements who had run amok for a time very soon took cover, while many criminals were caught in the legal network and duly punished. Not so long ago, the Beijing railway station was plagued by the nefarious activities of ticket scalpers. Passengers were afraid of going to the station to buy tickets. But we acted in a truly earnest manner and in a few days' time the situation changed radically. The feat was greatly acclaimed by the incoming and outgoing passengers. They all agreed that now the railway station was truly like a railway station under a socialist regime. Since the evil-making and law-breaking culprits were the same people and the tactics used were the same kind of tactics, why was it that they had not been successfully dealt with formerly? The problem was that the spiritual stature and the state of the combined strength differed on the two occasions. Given the state of facing law-breaking but not seeing it, or merely uttering vain cries without moving the hands at all, or failing to make any sound or gesture at all, it would not be possible to deal with even a few flies, not to speak of handling gangsters addicted to crimes and to wanton law-breaking.

We have talked much about our superiorities one after another and all of them sounded rather rational. But we seemed not to have talked enough about the fundamental superiority of the socialist system. This is that since this system represents social righteousness and progress and has the backing of the great majority of the populace, it truly wields invincible strength. Is it not true that in the four basic principles there is clearly one called people's democratic dictatorship?

Is not the solution of the serious problem of the violation of laws and discipline precisely one of the irrefutable functions of people's democratic dictatorship? The extreme discontent with the improper wind of the workers, peasants, the intelligentsia, and other citizens of society and their deep hatred of economic crimes and other criminal deeds are precisely wherein lies the enormous strength of the socialist country under our people's democratic dictatorship. Our leadership organs at various levels and leadership cadres need only act in an exemplary manner, earnestly listen to the cries of the populace, and fully display the role of the people's democratic dictatorship and all evil things will be eradicated.

Since the 12th CPC National Congress prescribed the task of seeking the basic improvement of the party style and social atmosphere, 3 full years have passed. At present, the party Central Committee has firmly resolved to put the party style in the right shape and has adopted correct guidelines and made the necessary arrangements. This has greatly stimulated the spirit of the whole party and the whole country. Comrades doing leadership work must review their deeds of the recent years and ask themselves: Have we gone to the front to fight? How many battles have we fought? Did we win or lose? If they can sum up the experiences and lessons from the review, truly respond to the party Central Committee's call, and resolutely, and in a sustained manner, grasp the work to the end, then definitely there will be great hope for the party style and social atmosphere to make a turn for the better.

ZHEJIANG CPC BANS 'SUPERSTITIOUS' ACTIVITIES

HK081046 Beijing GUANGMING RIBAO in Chinese 1 Mar 86 p 1

Report: "The Wenling County CPC Committee Resolutely Bans Superstitious Activities" -- capitalized passage published in boldface]

[Excerpts] The office of the Central Commission for Guiding Party Rectification recently transmitted throughout the country the report and the note of the Zhejiang Provincial CPC Committee's party rectification office on how the Wenling County CPC Committee, in line with party rectification, stepped up ideological and political work and mobilized and relied on the masses in resolutely banning feudal superstitious and patriarchal activities. The office of the Central Commission for Guiding Party Rectification called on all rural areas throughout the country to effectively solve this problem in the course of party rectification, to immediately curb the unhealthy trend of reviving and spreading the pernicious influence of feudalism, and to strengthen the building of socialist spiritual civilization in the rural areas. THE NOTE OF THE ZHEJIANG PROVINCIAL CPC COMMITTEE'S PARTY RECTIFICATION OFFICE IS AS FOLLOWS: IN HIS SPEECH AT THE NATIONAL CONFERENCE OF PARTY DELEGATES, COMRADE DENG XIAOPING SERIOUSLY POINTED OUT: "IN RECENT YEARS PRODUCTION HAS GONE UP, BUT THE PERNICIOUS INFLUENCE OF CAPITALISM AND FEUDALISM HAS NOT BEEN REDUCED TO A MINIMUM. INSTEAD, SOME EVIL THINGS THAT HAD LONG BEEN EXTINCT AFTER LIBERATION HAVE COME TO LIFE AGAIN." THIS ISSUE WARRANTS OUR CLOSE ATTENTION. SOME TIME AGO, DUE TO LAXITIES IN IDEOLOGICAL AND POLITICAL WORK, FEUDAL SUPERSTITIOUS AND PATRIARCHAL ACTIVITIES GAINED GROUND IN SOME LOCALITIES IN OUR PROVINCE, PARTICULARLY IN SOME RURAL AREAS, SERIOUSLY POISONING THE MINDS OF THE MASSES, PARTICULARLY THE YOUNGER GENERATION, AND AFFECTING THE BUILDING OF SOCIALIST SPIRITUAL CIVILIZATION. SOME PARTY MEMBERS AND PARTY CADRES ALSO JOINED IN THE ACTIVITIES. EFFECTIVE MEASURES SHOULD BE TAKEN IN LINE WITH PARTY RECTIFICATION IN ORDER TO RESOLUTELY CURB AND RECTIFY THIS UNHEALTHY TREND. IT SHOULD BE MADE CLEAR THAT THE "NORMAL RELIGIOUS ACTIVITIES" PROTECTED UNDER THE CHINESE CONSTITUTION REFER TO RELIGIOUS CEREMONIES OF BUDDHISM, TAOISM, ISLAM, CATHOLICISM, AND CHRISTIANITY PERFORMED IN RELIGIOUS PLACES IN ACCORDANCE WITH THEIR RESPECTIVE TRADITIONS AND CUSTOMS OR RELIGIOUS ACTIVITIES CONDUCTED BY RELIGIOUS FOLLOWERS IN THEIR OWN HOMES.

THESE INCLUDE PROSTRATING ONESELF BEFORE THE IMAGE OF BUDDHA, RECITING SCRIPTURES, BURNING JOSS STICKS, GOING TO CHURCH, SAYING PRAYERS, EXPOUNDING BUDDHIST SUTRAS, GIVING SERMONS, HEARING MASS, RECEIVING BAPTISM, BEING INITIATED INTO MONKHOOD OR NUNHOOD, FASTING, CELEBRATING RELIGIOUS FESTIVALS, PERFORMING LAST RITES, AND CONDUCTING FUNERAL SERVICES. INDISCRIMINATE CONSTRUCTION OF TEMPLES WITHOUT THE APPROVAL OF THE DEPARTMENT CONCERNED AND FEUDAL SUPERSTITIOUS ACTIVITIES EXCEEDING THE LIMITS PRESCRIBED BY THE RELIGIOUS POLICY MUST BE STOPPED. BUILDING CLAN TEMPLES, DRAWING GENEALOGICAL CHARTS, JOINING PERSONS OF DIFFERENT ANCESTORS TO MAKE THEM BEAR THE SAME FAMILY NAMES, AND PERFORMING RITES IN HONOR OF ANCESTORS ARE FEUDAL, PATRIARCHAL ACTIVITIES IMPERMISSIBLE UNDER OUR SOCIALIST SYSTEM. INVOKING IMMORTALS TO EXORCISE EVIL SPIRITS, PRAYING FOR RAIN, DIVINING BY THE EIGHT DIAGRAMS, TELLING FORTUNES BY ANALYZING THE COMPONENT PARTS OF CHINESE CHARACTERS, AND PRACTICING PHYSIOGNOMY AND GEMONACY ARE FEUDAL SUPERSTITIOUS ACTIVITIES WHICH SHOULD BE RESOLUTELY BANNED. ALL ACTIVITIES THAT SERIOUSLY INFRINGE UPON THE INTERESTS OF THE STATE AND JEOPARDIZE THE LIVES AND PROPERTY OF THE PEOPLE MUST BE RESOLUTELY SUPPRESSED.

In its report to the office of the Central Commission for Guiding Party Rectification, the office of the Zhejiang Provincial CPC Committee's party rectification office pointed out: In recent years, because the Wenling County CPC Committee has relaxed ideological and political work, feudal superstition has rapidly spread in various parts of the county. More than 500 temples were illegally repaired or built throughout the county. Of these, 256 new temples were built after 1984. There were as many as seven temples in Aoli Village, Changyu Township. Some temples were built near schools and some altars were erected on school campuses. An endless stream of worshippers often disrupted the students' normal activities. Some temples were indiscriminately built on cropland, which obstructed the implementation of village or town construction plans. A few witches, sorcerers, and witch doctors also took advantage of the opportunities to defraud people of their money, even causing some people's death. In light of this, on the basis of vigorously conducting publicity and education and extensively mobilizing the masses, the Wenling County CPC Committee recently conducted a general inspection of all unauthorized temples in the county. In less than a month it dismantled more than 400 temples and destroyed large quantities of superstitious products, thus putting a stop to the unhealthy trend. Its basic methods were as follows:

First, carrying out in-depth propaganda and education in materialism, scientific knowledge, and the need to do away with superstition.

Second, teaching and guiding the masses to do away with superstition conscientiously.

Third, stressing a permanent cure and turning bane into boon. To prevent a repetition of the previous phenomenon of "dismantling a temple today but building another tomorrow," on the basis of doing a good job of ideological and political work, all districts, townships, and villages extensively instituted and implemented a system of contracted responsibilities for cadres to prevent the rebuilding of unauthorized temples. Some of the unauthorized temples have been turned into housing for the five-guarantee or poor households, some into collective warehouses, and some into wayside pavilions for people to rest or into recreational places for the masses. In the county seat alone, 16 temples have been transformed and used for other purposes.

MORE EXPANSIVE RURAL CREDIT NETWORK URGED

OW060800 Beijing XINHUA in English 0704 GMT 6 Mar 86

[Text] Beijing, March 6 (XINHUA) -- The rural financial network of credit co-operatives is thriving but cannot yet meet the needs of economic growth in the countryside, said today's PEOPLE'S DAILY.

There are now 420,000 rural credit co-ops -- an average of one for every 1.9 villages -- providing funds for about 80 percent of peasant household businesses, the newspaper reported. According to statistics from the Agricultural Bank of China, the savings deposits of these co-ops at the end of last year amounted to 72.5 billion yuan -- 45.9 billion yuan more than in 1980. Savings by individual peasants totalled 56.5 -- 4.8 times the 1980 figure.

The co-ops issued total loans of 40 billion yuan last year, including 19.4 billion yuan for peasant family businesses -- 12 times the 1980 figure -- and 16.5 billion yuan for rural industrial businesses. The loans issued in the past five years amounted to 201.6 billion yuan. PEOPLE'S DAILY said these loans were equivalent to 62 percent of the money lent by the Agricultural Bank of China. But the credit co-ops could still not meet the needs of the development of commodity production in the countryside, said the paper. Earlier this year, the Communist Party Central Committee and the State Council announced a plan to reduce the amount of deposits which the co-ops must hand over to the Agricultural Bank, to enable them to lend more money to peasants.

Commentator's Article

HK110549 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 7 Mar 86 p 2

[Commentator's article: "Adhere to the Reform Orientation of Credit Cooperatives"]

[Text] The gradual development of the rural commodity economy demands correspondent reforms of the rural financial structure. Both the reorganization of rural productive forces and the formation of new productive forces depend on the role of funds. As the chief credit force in the rural areas, credit cooperatives have attracted the concern and attention of the people.

In the past few years, under the guidance of the spirit of relevant documents issued by the CPC Central Committee and the State Council, reforms of credit cooperatives in various localities have gradually spread from selected points to various areas and have attained substantial results. The nature of credit cooperatives as mass cooperative financial organizations has been restored to a certain extent. Following the expansion of shareholders and the delegation of power, the characteristics of being mass, democratic, and flexible organizations of the credit cooperatives have also been restored and strengthened to a certain extent. However, the reforms of credit cooperatives have just started and are still a far cry from the demand put forward by the CPC Central Committee and the State Council of "really turning credit cooperatives into mass cooperative financial organizations." In many localities, the mass, democratic, and flexible characteristics of the credit cooperatives are only nominal, and the masses of people still cannot exercise their right to supervise and manage the credit cooperatives; the relationship between credit cooperatives and the agricultural banks has not yet been correctly established; and the internal management of credit cooperatives also needs reforming and strengthening.

With the development of the rural commodity economy, the role of funds has become increasingly more prominent. Whether or not rural finance can be enlivened to the greatest extent under the state's macroeconomic control has already had a direct bearing on the development of the commodity economy. The formation of new productive forces and the development of new spheres and items of production in the rural areas are influenced and conditioned by funds. The regulation among various production items cannot be separated from the role of credit either. Practice has proven that where local funds are enlivened, the local economy is invigorated and production develops quickly. Otherwise, commodity production will be lifeless.

Therefore, this year's Central Document No 1 has stressed once more that "various policies toward the credit cooperatives stipulated in last year's Document No 1, and various regulations concerning the reform of the structure of the credit cooperatives put forward by the State Council, should be implemented one by one."

The agricultural banks are responsible for leadership over the credit cooperatives; a great deal of credit work in the rural areas is done by the credit cooperatives. In order to do a good job in reforming credit cooperatives and to give play to their role, agricultural banks must, on the one hand, strengthen and improve their leadership over the credit cooperatives and constantly give them guidance in their work in good time. On the other hand the banks must defend the rights of the credit cooperatives, respect the independence of the credit cooperatives as mass cooperative financial organizations, and genuinely treat them as the peasants' self-service credit organizations. We should discard the past practice of managing credit cooperatives as grass-roots organizations of the agricultural banks. The agricultural banks should proceed from the overall economic situation, together with other departments concerned, and help the credit cooperatives to properly carry out deep-seated reforms; improve management; strengthen guidance, supervision, and inspection of the credit cooperatives; and make things as convenient as possible. The credit cooperatives should also conduct reforms energetically and with initiative; strengthen the viewpoint of serving the masses; strengthen work in improving themselves; give full play to their role in rural financial activities; and make greater contributions to the development of the rural commodity economy.

IMPORTANCE OF NATIONAL GRAIN PRODUCTION STRESSED

HK100721 Beijing RENMIN RIBAO in Chinese 5 Mar 86 p 1

[Commentator's article: "Grasp the Crucial 100 Days"]

[Text] For major grain-producing areas in China, the 100 days between early March and the summer harvest are crucial. During those 100 days, the first 50 in particular, meticulous care should be taken in the management of summer crops, while preparations must be made for the plowing and sowing of autumn crops. All kinds of plans for farming must be arranged and implemented. Work during this period will determine to a large degree the agricultural harvest this year.

All localities suitable for grain production should attach importance to grain production, taking a good and firm grasp of it. The truth that agriculture is the foundation of the national economy has been recognized for many years. As we are now implementing planned commodity economy, a problem of comparing the economic interests of all trades in the rural areas will emerge, with the realm of market regulation expanded; and the peasants have the decision-making power concerning what field to operate in and what not. Leadership at all levels in the agricultural field should soberly understand this new situation, and guide grass-roots units in resolutely implementing the principle of "never relaxing grain production, actively developing diversified management," based on actual local conditions. It is necessary to adopt the policy of subsidizing agriculture with industrial income when possible, to promptly supply production means for agricultural use at rational prices, to make arrangements for chemical fertilizer and necessary agricultural credit as bonuses linked with contracted grain purchase, and to change the irrational practice of retention and apportionment based on the number of farmland units.

In short, it is necessary to adopt all possible economic means and all possible measures to give play to the peasants' enthusiasm. We should not develop a one-sided understanding that the readjustment of the product mix in the rural areas means reducing the acreage planted with grain. We must make a concrete analysis of concrete conditions, suiting measures to local conditions.

On the whole, the acreage planted with grain should be greater than the acreage planted with cash crops within the product mix of farming. Without a stable acreage planted to grain, increasing grain output will be empty words. One of the important factors in our being able to readjust the produce mix in a big way in the rural areas since 1985 is the successive bumper harvests in agriculture in recent years, which have served as a solid foundation. If agriculture, the "foundation," and grain, the "foundation of foundations" should be neglected or weakened, the further rational readjustment of the product mix in the rural areas and the harmony, balance, and continuous development of all trades in the rural economy would be impossible. It is imperative to have an all-round understanding that "without the development of agriculture the whole situation will become unstable; without the development of industry, the country will not prosper; without the development of commerce, the economy will fail to be invigorated." We should correctly handle the relationship of mutual promotion between all trades, and we should never emphasize one thing and neglect another.

The proposal for the Seventh 5-Year Plan points out that agriculture should have an all-round, continuous, and steady development, and the output of grain should reach 450 million tons by 1990. The year 1986 is the first year of the Seventh 5-Year Plan. Doing a good job in 1986 will be a good beginning, which will be of extremely great significance to agriculture in the next 4 years, as well as to the development of the national economy. China's grain output dropped in 1985 because of natural calamities. However, the overall situation will not be affected by the grain output dropping for a year, because the grain in store and in the hands of the peasants in some areas is rather ample, as a result of successive bumper harvests in previous years. This year, we should strive to have a better harvest than in 1986. This is the requirement of the strategy for agricultural development, and an important step toward the target of 450 million tons in grain output by 1990.

So long as we do our work in a down-to-earth manner, it is possible to realize a better harvest this year. Since wheat was sown last winter, the general situation of agricultural production is rather good. This year, the acreage sown with grain throughout the country is estimated to have increased by more than 20 million mu. Although the middle and lower areas of the Chang Jiang were somewhat late in sowing, because of the rain during the sowing season, with the quality of sowing affected, the more than 200 million mu of land planted with wheat in the north has come through the winter safe and sound, and the wheat is sprouting well. Production conditions have been somewhat improved, with the scope of construction of water conservation works last winter greater than usual, and the preparations for funds and seeds are quite ample. At present, the preparations for autumn crop plowing and the spring farming in the north and the south are on the move, some provinces (regional) have issued decisions on grasping spring farming well, a number of cadres have gone to the forefront of production, and a large volume of goods and materials for agricultural use has been sent to rural areas.

The 1986 Central Document No 1 in particular has once again called on people to put agriculture in the right position in the national economy, to rely on science, to increase investment, and to maintain the steady growth of agriculture, which has greatly inspired the peasants. We should make use of these favorable conditions and take a firm grasp of the implementation of all the measures to promote a bumper harvest. It is necessary to review experience, to improve the system of contracted grain purchase, to see to it that the goods and materials and funds for supporting agriculture are delivered to the peasants and used well, to send agricultural technical personages down to the countryside in order to strengthen the guidance in the technical know-how of increasing production, and to work hard to upgrade the quality of second- and third-grade shoots, and to increase the output of middle- and low-yielding farmland. Agricultural, commercial, supply and marketing, credit, and transportation and communications departments should work with concerted efforts and provide high-quality services in order to make contributions to increasing agricultural production.

IMPROVED PACKAGING INDUSTRY STANDARDS ENCOURAGED

HK090744 Beijing RENMIN RIBAO in Chinese 5 Mar 86 p 2

[Commentator's article: "Raise the Level of the Packaging Industry as Quickly As Possible"]

[Text] In recent years, China's packaging industry has developed rather quickly. However, it is still very backward because the industry started rather late and its foundation is weak. Therefore the industry is far from meeting the needs of the developing commodity economy and the expanding foreign trade. The General Office of the State Council has recently relayed the "program for the development of China's packaging industry between 1986 and 2000," which explicitly stipulates the development target of the packaging industry, and is of important guiding significance for stepping up the development of China's packaging industry.

Packaging is an indispensable link in commodity production. For a long time, the lack of understanding of the nature and role of the socialist commodity economy has affected the development of the packaging industry. With the development of the commodity economy since the 3d Plenary Session of the 11th Central Committee, more and more people have come to realize that packaging is capable of protecting, beautifying, and publicizing commodities, and plays a great role in expanding markets and being more convenient to use. It is one of the important ways to realize commodity and use value.

At present, annual economic loss resulting from poor packaging is still very serious in China. Through great effort in 1985, it is estimated that losses will be reduced by 1 billion yuan; the economic results and social benefits are very obvious. This has demonstrated that changing the backwardness of the packaging industry is of great significance to national economic construction.

In developing the packaging industry, it is imperative to emphasize the quality of packaging. It is necessary to gradually set up a complete set of packaging criteria and to set up and perfect quality-control organs and supervision organs at all levels in order to improve and upgrade the quality of packaging. In order to eliminate losses resulting from poor packaging, departments such as industry, commerce, transportation and communications should plan for improvement, and draw up specific measures to mobilize the whole society in a comprehensive way. In addition, it is necessary to draw up decrees on the control of packaging, so that we may have relevant regulations to follow with the duties of each person or post defined, so that losses may be reduced as quickly as possible.

Problems universally exist in our packaging enterprises, such as outmoded equipment, backward techniques, and shortage of funds. In order to step up the development of the packaging industry, all localities and departments should give their support in qualified people, funds, technical know-how and goods and materials. In policy they should encourage those enterprises so as to strengthen the enterprises capability in self-transformation and self-development. It is necessary to import advanced foreign technology in a planned way, to step up technological development and to train qualified people, transforming old enterprises in order to improve the standards of China's packaging industry.

The packaging industry involves a wide area, it is scattered in various departments and localities, and its managerial system and mode of operation vary. It is imperative to strengthen administration, develop cooperation, and break through the barriers of localities and departments. In implementing the program for the development of China's packaging industry, all localities and departments should draw up their plans and measures based on specific conditions. When developing horizontal combinations, and promoting economic cooperation and technological exchanges, it is necessary to strengthen macroeconomic control and make overall planning.

In this way the packaging industry will be on the road of development with Chinese characteristics and gradually form a new industrial system meeting the demands of growing industrial and agricultural production and being rational in its layout and harmonious in development.

RENMIN RIBAO REVIEWS XUE MUQIAO'S NEW BOOKS

HK070849 Beijing RENMIN RIBAO in Chinese 28 Feb 86 p 5

[Article by Wu Kaitai: "Introducing Two New Books by Xue Muqiao"]

[Text] Comrade Xue Muqiao's new works "Managing the Economy According to Objective Economic Laws" and "A Study of Prices and Currency in Our Country" have been published by the People's Publishing House and the Hongqi Publishing House. The books are two new collections of treatises by the author following the publication of the books "Some Present Economic Issues in Our Country" in 1980 and "The Adjustment and Reform of Our National Economy" in 1982. The book "Managing the Economy According to Objective Economic Laws" collects the author's treatises and speeches in the period between 1983 and 1985. The articles analyze the major issues that existed during that period when our national economy was undergoing major readjustments and reforms, and includes the author's opinions and solving these issues.

The author brilliantly analyzed the process of economic readjustment in those 2 years. He repeatedly emphasized that "the task of readjusting the national economy must be resolutely fulfilled and we must also guard against backpedaling to the old practice of seeking high accumulation and high growth rates when the economic situation is improving." In 1982, when the scale of capital construction again began to swell excessively, the author repeatedly "issued warnings" and called on people concerned to "guard against becoming hotheaded from lack of confidence." When discussing the issue of quadrupling the output value in 20 years' time, the author said that this is a general target for the whole country rather than for every locality and industry, so overall coordination in the whole country is necessary in economic development. We cannot see that every province or even every county is trying to quadruple its output value, and even blindly add to the target. Otherwise, the overall balance of the national economy will be upset. In this collection of treatises, the author also analyzes the reasons for the phenomenon of "low planned targets and high results" and proposes some measures for solving this problem so as to prevent the sentiment of being overanxious for quick development. The author points out: In recent years, production materials have in fact been distributed through two different channels (planned distribution and transactions in markets), while the state's mandatory plans are formulated mainly according to the supply of materials distributed through the planning channel. So, it is inevitable that there is a substantial gap between the planned targets and the results of economic performance. Only when all capital investments inside and outside state plans, and material exchanges outside state plans, are included in the state plans (including guidance plans), can the state work out really comprehensive and realistic plans so as to overcome the abnormal phenomenon of a wide gap between planned targets and actual results. However, as it is not easy to effect this in a short time, the author contends that when formulating plans we should not be anxious for a high growth rate lest we should tumble as a result of going too fast.

The economic structural reform is a central issue the author has studied in recent years. Two-thirds of the treatises in the book are articles dwelling on economic reforms. They cover the basic orientation and main issues of reform in the fields of planning, financial and monetary affairs, commerce, foreign trade, prices, and wages. The author believes that the purpose of reforming the unwieldy economic management system is to bring the entire economic management system into line with objective economic laws. On the one hand, we should grasp the central link of invigorating enterprises.

On the other hand, we should take effective measures to coordinate reforms in various branches of the national economy. All economic branches are closely tied to an integrated whole. Any major reform in a branch will inevitably affect other branches and must be backed by corresponding reform measures in other branches. Therefore, we need to study the general orientation and objectives of the overall reforms and study reform measures in various specific departments. The book includes many valuable opinions on the main issues in reform in various economic branches and on coordinating the reforms in various departments.

The author pays special attention to the change in economic management from relying mainly on administrative means to relying mainly on economic means. So he has more interest in reform of the planning, financial, tax, credit, price, and wage systems. He proposes that state authorities should establish a sound set of economic levers, urgently needed in macroeconomic management, as soon as possible, and should have a good command of economic means in the course of exercising planned management. He not only studies the reform of the planning and financial systems, but also repeatedly studies the reform of the monetary system. He points out that the banks are playing an increasingly important role in exercising macroeconomic control and the banks' role may be even greater than the financial department with the development of the reforms. So, it is a pressing task of the moment to speed reform of the monetary system. He emphasizes that "a modern economy should be supported by a modern monetary system." He then puts forward his own opinions on reforming the monetary system. In recent years, what the author has been most concerned with is the reform of the price and price management systems. We need to expand enterprises' decision-making power and, at the same time, need to guide the enterprises toward developing along the course charted by state plans. The main way to achieve this purpose is to make correct use of economic levers, and prices constitute the most important economic lever. Under present conditions, price readjustment is a crucial link that determines the success or failure of the economic structural reforms as a whole. A number of articles in this book dwell on the issue of price reform. They expound the necessity and great significance of price reform, point out the main issues that should be solved in order to rationalize various price parities, and put forward the author's opinions on the policies, principles, and measures for price reform.

In the spring of 1985, Xue Muqiao found that the article he wrote earlier could not help some comrades overcome their misgivings about price reform. So he decided to write a book entitled "A Study of Prices and Currency in Our Country." This book begins by reviewing historical experiences. Then it explores the objective regularity of price movements and studies some theoretical issues concerning price policies so as to provide a theoretical foundation for the ongoing practice of readjusting prices and reforming the price management system. The first part of this book systematically recalls the price work and experience in regulating prices in the periods of the anti-Japanese war, the liberation war, the early years of the PRC and in the 1960's. Then the book analyzes the task of readjusting prices in the new period since 1979, and some major issues that should be correctly understood in the present price reform. The second part of the book deals with a number of theoretical issues in the study of prices. These are controversial issues in theoretical circles. In order to promote discussion on these issues, the author puts forward his own opinions and also revises some of his previous opinions.

In the book "A Study of Prices and Currency in Our Country," the author particularly emphasizes: First, price reform is a crucial link which has a bearing on the success or failure of the reform of the economic management system. Without rationalizing price parities and establishing a correct price management system, we will not be able to establish an economic management system which is suited to the socialist planned commodity economy. We should not hesitate at reform for fear that the people's livelihood may be affected.

As long as we carry out price reform in a prudent and planned way, we will be able to ensure that price reform can better promote the development of production, and will raise rather than lower the people's living standards. Second, we must be careful in guarding against inflation, because this is a key to success in the reform of the price and price management systems. We must be determined to cut down on the scale of capital construction and suit it to the supply of production materials. At the same time, we should be determined to control the growth rate of the consumption fund and suit it to the supply of consumption materials. Only thus can we maintain a general balance between currency circulation and currency demand. Taking resolute action to prevent inflation is an important condition for maintaining relative price stability and ensuring the smooth development of price reform.

Because these two books are collections of treatises, it is unavoidable that some parts overlap and repetitions exist in the articles. The correctness of some of the author's opinions has yet to be proved in practice. However, these two books provide useful reference materials for our economic work and economic theoretical economic studies, because they are the results of a combination of theory and practice.

BOOK ABOUT DEVELOPMENT STRATEGY DISCUSSED

HK070854 Beijing RENMIN RIBAO in Chinese 28 Feb 86 p 5

[Article by Tang Fengyi: "Brief Review of 'A Study of China's Industrial Development Strategy'"]

[Text] The study of the strategy for industrial development is an important part of the study of the strategy for social development, and it provides a foundation for forming the guiding principles for industrial development. The study of the strategy for industrial development in our country has some difficult theoretical points. The book "A Study of China's Industrial Development Strategy" by Zhou Shulian and Pei Shuping has made some useful explorations in this field.

First, the study of the developmental strategy is linked with summing up historical experience and with our country's concrete conditions. The scientific insight in the study of the developmental strategy should come from the down-to-earth study of present conditions and historical data: it will not come from anyone's wishful thinking. This principle penetrates all chapters of this book. It seriously compares and studies the domestic and foreign data and compares different developmental strategies. For example, in the study of the strategy for the development of heavy industry, in order to stress the importance of the comprehensive strategy, the book compares and analyzed various strategies which have been adopted by other countries, such as the strategy of giving priority to the development of key departments and the structure-maintaining strategy. When summing up our country's historical experience, the authors did not take a simplistic approach; instead, they also made historical and scientific analysis.

Second, the study of the overall strategy for industrial development is linked with the study of the developmental strategies for specific industries. This book discusses all questions concerning the overall strategy for industrial development, including strategic tasks, strategic objectives, and major measures for fulfilling the task and achieving the objectives. On the basis of summing up the points concerning the overall development strategy, the book also discussed strategies for some major industries, strategies for local industrial distribution, and the strategy for advancing industrial technology. When dealing with the developmental strategies for specific industries, the authors consider the special characteristics of each of these industries.

For example, when discussing the development strategy for the light industry, the book stresses the influence of market demands on light industrial production; when studying the strategy for developing the energy industry, it points out some measures for the efficient use of energy.

Third, the book deeply analyzes some key issues concerning the industrial development strategy. For example, the book gives prominence to the strategic guideline of focusing all efforts on enhancing economic efficiency and emphasizes that a new road should be opened for industrial development. It especially discusses the dialectical relationship between the growth rate and economic results of industry. The authors hold that without ensuring a certain growth rate, it is impossible to achieve good economic results; however, "only the growth rate which is achieved on the basis of guaranteeing satisfactory economic results can be regarded as a reliable growth rate." Therefore, speaking more accurately, we should negate the growth rate which does not bring about good economic results and should stress the growth rate which can guarantee good economic results.

As another example, the book attaches importance to the correct handling of the relationship between new industries and traditional industries. It says that the correct handling of the relationship between developing new industries and transforming traditional industries is of immediate and far-reaching significance. The authors point out that some people's opinion that the pressing task of the moment is to develop traditional industries and some other people's viewpoint that the traditional industries in our country have become "setting-sun" industries and still other people's opinion that all new industries should be developed without distinction are all one-sided viewpoints. They hold that the positive and realistic approach should be to "speed the transformation of the traditional industries and to selectively develop some new industries in light of needs and possibilities."

Based on this viewpoint, the authors analyze the conditions and needs for developing new industries in our country and put forward a principle of "giving priority to limited targets" for the development of new industries. They also hold that the development of new industries should serve and promote the transformation of traditional industries; otherwise, traditional industries will not be armed with new technologies and new industries cannot develop smoothly. In addition, the book also discusses the correct handling of the relationship between capital construction and technological transformation. The authors explain the urgency and importance of conducting technological transformation in existing enterprises, point out the necessity of raising the proportion of investment in technological transformation, and use some mathematical models to forecast the supply and demand of investment in technological transformation and to determine a new formula for capital investment in the future.

Fourth, the book attaches importance to the guiding concepts and methodology for the study of developmental strategies. The book makes use of quantitative analysis, system theory, and mathematical models, which are all new scientific methods, thus breaking through traditional methods of logical reasoning and qualitative analysis.

This book also has some shortcomings. It does not mention developmental strategies for the transport, telecommunications, and information industries. This not only leaves a gap in the study of the industrial development strategy, but also affects the profoundness of the study. Some propositions in this book, such as the concept of "the depth of the product structure" and "the high degree of the departmental structure," are not accurate in expressing the ideas the authors wanted to express. Some viewpoints in the book are too simplistic and general. All this requires further efforts to improve in these areas.

GUANGMING RIBAO ON LAYOUT OF PRODUCTIVE FORCES

HK070312 Beijing GUANGMING RIBAO in Chinese 22 Feb 86 p 3

[Article by Chen Dongsheng: "China's Layout of Productive Forces Is Heading for the Year 2000" -- Part Three]

[Text] VIII. Organizing Large Horizontal Economic Areas

1. The three economic zones tend to run from north to south. They not only differ markedly in their economic and technological levels and economic results, but their conditions for development vary. Organizing large horizontal economic areas is favorable for using the potential economic power which is poor at different levels and achieving mutual benefits from the strong points of other areas, so that the technology and funding advantages of coastal areas will be organically combined with natural resource advantages of the west, helping them both.

2. The six large economic areas are to be: 1) the northeast economic area, which will include Heilongjiang, Jilin, Liaoning, and three leagues and a city in the eastern part of Nei Monggol, with Shenyang as its center. It will include the Hada-Binzhou railway and have Dalian and Ingkou as focal points; 2) The Huang He Valley economic area, which will include in the distant future Qinghai, Gansu, Ningxia, Shanxi, Hebei, Beijing, Tianjin, northern Henan, Guanzhong, northern Shaanxi, and the central and western parts of Nei Monggol. Tianjin, Qingdao, and Qinhuaogdao will be the port cities, and Erlian and Hohhot will concentrate on land aspects. Consideration may be given to dividing it into four regions in the future. They would be the Beijing-Tianjin-Hebei region, the Shandong region, the Shanxi-Northern Henan-Central Monggol region, and Shaanxi-Gansu-Ningxia-Qinghai-Western Monggol region; 3) the Chang Jiang Valley economic area, which is to include Sichuan, Hubei, Anhui, Jiangsu, Shanghai, southern Shaanxi, southern Henan, northern Jiangxi, central Jiangxi, northern Hunan, central Hunan, and northern Guizhou. Shanghai will be the center and the Chang Jiang will unite the areas. The estuary of the Chang Jiang and the ports of Hangzhou Wan will serve as windows. Consideration may be given in the near future to dividing it into three regions: the upper, middle, and lower areas; 4) the southern economic areas, which included Yunnan, Guangxi, Guangdong, Fujian, southern Hunan, southern Jiangxi, and southern Guizhou, with Guangzhou as the center and Guangzhou, Zhanjiang, and Xiamen as windows; 5) the Xizang Autonomous Region; 6) the Xinjiang Autonomous Region.

3. Apart from Xinjiang and Xizang, the four other large economic areas contain developed, less developed, and underdeveloped regions. The four large economic areas are like four tremendous dragons, with the "dragons' heads" lying in the developed regions in the east and the "dragons' bodies" and the "dragons' tails" lying respectively in the less developed and underdeveloped regions. The "dragons' heads" will import advanced technology, operational and managerial experience, market and technological information, and "foreign goods" imported or produced by themselves, passing them on from the east to the west. The "dragons' bodies and tails" continuously supply the "dragons' heads" with rich natural resources and other resources, as well as primary products which will be processed and increased in value by the "dragons' heads" before entering the international market. In this way, potential economic power may be used and the role of mutual help between the advantaged and disadvantaged areas may be brought into play. The result will be that the twofold task of upgrading old economic bases in the east and developing the interior will be successfully accomplished.

Every large economic area has a major economic center that relies on a big city, along with a number of economic centers at different levels. By focusing on these economic centers, a number of "nucleus" regions will take shape in the form of cities and towns groups of various scopes and realms, which will serve as a basis for bringing along the economic development of the whole area.

IX. Developing Crisscrossed Industrial Zones and City and Town Zones

1. On the basis of the existing transportation network, a transportation network with 10 vertical and 10 horizontal lines will gradually be formed through transformation, construction, and water diversion from the south to the north to ensure the flow of large or small circulation and the link between circulation in inner and outer areas.

The 10 trunk lines that join the north and south are: 1) Manzhouli-Shenyang-Beijing; 2) Qiqihar-Tongliao-Beijing; 3) the 10,000 nautical mile coastal waters navigation line from Yalu Jiang in the north to Bailongkou [4101 7993 0656] in the south; 4) the Beijing-Hangzhou grand canal; 5) Beijing-Tianjin-Shanghai; 6) Beijing-Fuyang-Jiujiang-Guangzhou; 7) Beijing-Guangzhou; 8) Datong-Taiyuan-Zhicheng-Zhangjiang; 9) Baotou-Xian-Liuzhou; and 10) Baoji-Kunming-Munanquan.

The 10 trunk lines that join the east and west are: 1) Tongliao-Jining-Baotou; 2) Qinhuangdao-Beijing-Lanzhou; 3) Qingdao-Shijiazhuang-Zhongwei; 4) Shijiushuo-Houma-Xian; 5) Lianyungang-Urumqi; 6) the Chang Jiang waterway; 7) Nanjing-Ankang-Lanzhou; 8) Shanghai-Kunming; 9) Xiamen-Kunming; and 10) the Zhu Jiang and Xi Jiang waterways.

Economic development, industry in particular, usually concentrates in one spot. Through expansion like an ink stain, it spreads from a spot to an area. By radiating, the spots turn into zones and finally a network. The appearance of industrial zones and city and town zones is the layout's inevitable trend, resulting in the social productive forces developing to a rather high level. With the development of industry and agriculture, the following vertical industrial zones will take shape: First, the coastal industrial zones: next the industrial zone along the Harbin-Dalian, Tianjin-Pukou, and Beijing-Guangzhou railways; and then the industrial zones along the northern section of the Datong-Puzhou, Taiyuan-Jiaozhuo, and Jiaozhou-Zhicheng railways. The horizontal industrial zones include the Chang Jiang Valley industrial zone, the Zhu Jiang-Xi Jiang valley industrial zone, and the industrial zones along the Lianyungang-Lanzhou, Beijing-Baotou, and Lanzhou-Urumqi railways.

X. Conclusion

The study and discussion of the strategy of China's layout of the productive forces and the prospects of the layout mentioned above can be concisely summed up as follows:

There will be three levels and three major zones. We will gradually carry out the strategy of closing in on the east and moving towards the west. We will suit measures to local conditions, advance advantages, and avoid disadvantages. We will conduct dialogue between the east and the west and strive forward horizontal movement. We will give full play to the role of key cities and priority to "nucleus" regions. We will expand like an ink stain and radiate to build ties. We will make industrial corridors crisscross each other. We will develop from spots to lines, then areas, and eventually form a network, in order to make operations flexible.

CIRCULAR ON EDUCATION IDEOLOGY, JOB PLACEMENT

OW100830 Beijing XINHUA Domestic Service in Chinese 0058 GMT 10 Mar 86

[Text] Beijing, 10 Mar (XINHUA) -- The Propaganda Department of the CPC Central Committee, the State Education Commission, and the CYL Central Committee recently issued a joint circular "on further strengthening the ideological education of graduating students of institutions of higher learning."

The circular calls on concerned departments and institutions of higher learning to take effective measures to do a good job in the ideological education of their graduating students (including postgraduates). The circular stresses: Institutions of higher learning, as important bases for building socialist spiritual civilization, are charged with the major task of training qualified people for socialist modernization. The ideological education of graduating students is an important component of higher education, and conscientiously doing this work well is not only an important guarantee for the successful placement of such graduating students but also a major link in further improving their political quality.

The circular points out: In recent years institutions of higher learning have reformed their methods of assigning jobs to their graduates, achieving better results. The ideological education of graduating students has also been improved or strengthened to some extent. However, the level of work being done in various localities and schools is uneven. Lacking an understanding of the importance of effectively educating graduating students, some localities and schools have failed to exert themselves to do this work, and their ideological and political education of graduating students is particularly weak. Competent authorities and institutions of higher learning in various localities should conscientiously review their work in this regard over the past few years, effectively solve problems, and raise their work level in order to adapt themselves to the requirements of the situation and reform.

The circular holds: Many new changes have taken place among graduating students in the ideological sphere in the new historical period, and the main trend is good. Because of the influence of various ideological trends at home and abroad, however, some graduating students, while selecting jobs, unduly stressed their personal aspirations and interests to the neglect of their careers and state requirements; and others have sought material benefits and better wages and have been reluctant to leave big cities for places with hard conditions. Some graduating students cannot accurately appraise themselves, and some of them even harbor the erroneous idea of "waiting for the right price to sell." Some graduating students' understanding of the purpose and significance of and the measures for reforming the placement of graduates is one-sided or erroneous instead of comprehensive and accurate.

The circular says: New situations and problems will continue to occur with the development of the situation and the deepening of reform. Departments in charge of education among graduating students and institutions of higher learning in various localities should pay attention to studying and proving what is on the minds of graduating students as well as their ideological characteristics. They should fully mobilize positive factors and make full use of favorable conditions to solve emerging ideological problems according to circumstances and to effectively conduct ideological education in a creative way among graduating students in the new situation.

The circular stresses: In accordance with the general objective of training people with ideals, morality, culture, and discipline and the requirements for the placement of graduates, ideological education among the graduating students of institutions of higher learning should have patriotic and communist education as its core; stress educating them on the situation and tasks, ideals, discipline, and the policy and principles for job assignment; and aim at preparing them for working in society.

The circular requires that in conducting ideological education among graduating students, it is necessary to proceed from reality, to step up investigation and study, to thoroughly understand what is on their minds in order to carry out education among them with definite objectives in mind. At the same time, attention should be paid to adopting various appealing, persuasive, and inspiring educational activities which they like. Ideological education of graduating students should also be closely linked with other education and supervision. It is necessary to conscientiously appraise graduating students and give full play to the positive role of this work.

The circular says: Because the work to assign jobs for graduates of institutions of higher learning involves so many aspects and policies, and because time is pressing and the task overwhelming, it is necessary to strengthen leadership and mobilize all sectors to jointly undertake the ideological education of graduates of institutions of higher learning in order to ensure success of such education. Institutions of higher learning must successfully mobilize all sectors including the party, government, trade union, CYL, teachers, parents, and employing units to conduct this education and see that it is implemented organizationally and in actual work so that real results will be achieved.

The circular finally stresses: Strict discipline in job assignment and firmly combating unhealthy tendencies are important guarantees for successful ideological education of and job assignment for graduates. Party committees at all levels and departments concerned must adhere to the job assignment principle, implement the job assignment policy, and strictly observe job assignment discipline in line with the party Central Committee's requirement for improving the party style and in a further effort to implement the Central Discipline Inspection Commission's related regulations. Leading cadres concerned and cadres participating in job assignment work must set a good example for others to follow in carrying out work impartially. Those who interfere with job assignment work and indulge in unhealthy practices in disregard of the party discipline must be unswervingly investigated and punished.

TIAN JIYUN SPEAKS ON AFFORESTATION CAMPAIGN

OW080925 Beijing XINHUA Domestic Service in Chinese 1433 GMT 7 Mar 86

[Speech by Vice Premier Tian Jiyun on 7 March at Beijing meeting to commend advanced units and activists in afforestation and environmental beautification]

[Text] Beijing, 7 Mar (XINHUA) -- Comrades: Now spring has come again and everything looks fresh and gay. With a large-scale afforestation campaign in the offing, the Beijing Municipal People's Government and the Capital Greening Committee are holding this meeting here to commend advanced units and activists in greening and beautifying the capital. This is a matter of great significance. It is bound to arouse further the enthusiasm of the broad masses for playing an active role in planting trees and to push forward the greening and beautification campaign in the capital. Here, on behalf of the party Central Committee and the State Council, I wish to congratulate the great success of the capital's greening and beautification work during the Sixth 5-Year Plan period and to pay high respect and extend cordial regards to the advanced units and activists engaged in this work!

During the Sixth 5-Year Plan period, the capital's people made serious efforts to implement the NPC resolution on developing a nationwide campaign for obligatory tree-planting and achieved remarkable results in going all out to plant trees and grow grass and flowers in an effort to make the capital green and beautiful. The greening and beautification work in the urban area began to proceed in the direction of turning the city into a big garden. Fairly great advances were also made in afforesting the suburbs. The capital's people scored considerable achievements in the nationwide campaign for obligatory tree-planting and made gratifying strides toward building a clean, fine, modernized and civilized city with healthy ecological conditions. However, it should be noted that all these changes are merely incipient, and that the ecological conditions have not yet been radically improved and the work of afforestation to be carried out is still very arduous if we look at the situation of the capital as a whole. We must have a clear and correct understanding of this matter and make unrelenting efforts to continually push ahead the great task of afforestation.

A high-quality ecological environment is one of the significant symbols of a modern civilized city. To appraise of modern civilized city, we should not only look at the level of its scientific, technological, economic and cultural development, but should also see its environmental and ecological conditions. Beijing is the capital of our great motherland, a national political and cultural center as well as a center for exchange with foreign countries, and a showcase of our country in opening to the rest of the world. Making a success of the work of greening and beautifying the capital -- that is, making Beijing a top-notch modern civilized city with a fine environment characterized by green trees and brilliant flowers everywhere -- is an earnest hope of the party Central Committee and the State Council and the common aspiration of the people in the capital and throughout the country. It is hoped that the people in the capital will display the same spirit as the foolish old man who removed the mountains, unite and cooperate with one another, and work with perseverance so as to achieve quicker and better results in greening and beautifying our environment and march ahead of all other places of the country in this campaign.

Comrades! Afforesting the motherland is a great long-term task concerning our economic prosperity and social development. For the sake of sustained and steady development of this great undertaking, the state has promulgated a forestry law and issued relevant documents. The law and related principles and policies are all available. Recently Comrade Wan Li delivered an important speech at a plenary meeting of the Central Greening Committee. Here I only set forth a few demands with regard to the capital's future greening and beautification work.

First, it is necessary to further enhance the understanding of the afforestation work, in particular the understanding on the part of cadres at all levels. Every leading cadre should understand that developing the mass campaign to forest the motherland is a significant measure to create a fine ecological environment for the people of all nationalities in the country and is of vital strategic importance to the prosperity of our country, the happiness of our people, and the subsistence and development of our descendants. The fundamental way to change the vicious cycle of the ecosystem to a favorable cycle is to go all out to plant trees and grow grass so as to increase the verdant vegetation on our land. Practice has proven that where the vital importance of afforestation work is understood deeply by the leadership, this work will be grasped firmly and effectively and a quick change will be made in environmental conditions. The deeds of leading cadres being commended today are fully indicative of this fact. To find out whether or not a cadre pays attention to afforestation work, we should not merely depend on what he says. The main criterion is to see how he acts and what effects result from his action. It is my hope that more leading cadres will receive commendations next year.

Second, continued efforts should be made to mobilize the people. Afforestation and environmental beautification is a common project for the whole party, the whole people, and all professions and trades. Everyone has the responsibility to make the motherland green. For this reason, it is necessary to arouse the masses on a wide scale and mobilize all forces in society to develop in depth the nationwide campaign for obligatory tree-planting. The PLA units stationed in Beijing have contributed significantly to afforestation work in the capital. It is hoped that they will continue to shoulder the heavy task, fight the tough battle, and act as a combat team in doing this work. In the meantime, the organs directly under the party Central Committee and the state organs at the central level should take the lead in the obligatory tree-planting campaign and in greening and beautifying the courtyards so as to play an exemplary role in this regard. The broad masses of CYL members and other young people are requested to display actively their role as reinforcements and shock brigades in afforestation. The party, government, Army, mass organizations, and cultural and educational institutions should all join the work and contribute to the greening and beautification of the capital.

Third, it is necessary to work in a down-to-earth way and stress real results. Afforestation work requires the mobilization of the masses, but in no way should there be such formalistic things as "rushing headlong into mass action" and "putting on gestures for show." It is necessary to work out practical afforestation work rules on the basis of the actual situation in various localities. In afforestation, attention should be paid to the quality of work, and every effort should be made to elevate the survival rate and strengthen the management of the trees planted. The state of affairs where trees planted in spring disappear in fall and new trees have to be planted again the next year should never be allowed to occur year after year. To sum up, the task should be properly arranged, the responsibility should be made clear, and stress should be put on implementing the policy, applying scientific methods, and achieving efficient results so that afforestation work can be carried out in a down-to-earth way. With regard to the work of greening and beautifying the capital during the Seventh 5-Year Plan period, the municipal government and the Capital Greening Committee have made arrangements and formulated a plan. What is needed is to carry out the task conscientiously so as to ensure that the targets will be met.

Comrades! A large-scale spring afforestation campaign is going to start. I hope that the broad masses of armymen and civilians will seize the opportunity to take positive action so as to make this year's afforestation and environmental beautification a real success and strive to build Beijing into a top-notch city with a clean, fine environment! I also hope that new and still greater success in afforestation work will be achieved in all localities throughout the country!

TIANJIN FORUM ON ECONOMIC UNITED FRONT WORK ENDS

SK100539 Tianjin City Service in Mandarin 1430 GMT 9 Mar 86

[Text] The forum on the united front work in the economic field, held by the United Front Work Department of the CPC Central Committee in Tianjin, concluded on 9 March, after a 9-day session. Yan Mingfu, head of the United Front Work Department of the CPC Central Committee, attended the forum to hear the opinions of various fields, and delivered a speech. He pointed out: We must further restore and carry forward the fine tradition in which the whole party engages in united front work and mobilize thousands upon thousands of people to build the socialist spiritual and material civilizations. Attending the forum were responsible comrades from the relevant central departments and the united front work departments in 19 provinces and municipalities, as well as responsible persons of various democratic parties and relevant people's groups in the municipality.

DIFFICULTIES IN SMALL ENTERPRISE REFORM VIEWED

OW080457 Beijing XINHUA Domestic Service in Chinese 0040 GMT 6 Mar 86

[By reporter Qiu Yuan]

[XINHUA reporter's letter: "Reform of Small Commercial Enterprises Must Be Consolidated and Improved"]

[Excerpts] Beijing, 6 Mar (XINHUA) -- Since 1984, state-run small-sized commercial enterprises gradually changed to operation by collectives with ownership by the state; operation by collectives with ownership by collectives; and operation by individual businessmen on rental basis in the course of reform.

However, since the second half of last year, the progress of reform has stopped, and most small stores in many places have returned to operation by the state, returning to "everyone eating from the same big pot."

According to an investigation, there are many reasons for the return to state operation. However, the main reason is that measures adopted were not in accord with state policies. The principle of collective economy was not followed in dealing with small stores. Therefore, it is necessary to act according to the guidelines of the State Council; truly follow the policy of collective economy and management methods for collective enterprises; and properly handle relations between the state and small commercial enterprises and between small commercial enterprises and their staff members and workers. After paying eight-grade progressive taxes to the state, they should not have to pay other taxes levied on state commercial enterprises. Moreover, preferential treatment should be given to low-profit repair and service workers in cities, otherwise, the trend of their changing progressions cannot be stopped by administrative intervention.

DENG LIQUN, ZHANG JINGFU ON ENTERPRISE MANAGEMENT

OW071138 Beijing XINHUA Domestic Service in Chinese 1514 GMT 6 Mar 86

[Text] Beijing, 6 Mar (XINHUA) -- In order to keep abreast of economic structural reform and raise economic efficiency, it is necessary to strengthen enterprise management and improve its quality during the Seventh 5-Year Plan period, said Deng Liqun and Zhang Jingfu at an annual meeting of the China enterprise management association today. Deng Liqun urged the enterprise management association to earnestly review experience and make greater contributions to spreading advanced management experience and training workers and staff.

In his speech, Zhang Jingfu said: Strengthening enterprise management is an important guarantee for smoothly completing the Seventh 5-Year Plan. As the plan is crucial to laying the foundations for realizing strategic objectives set by the 12th CPC National Congress, we must accumulate stamina for future advances while continuously improving the people's livelihood on the basis of developing production during these 5 years. To this end, it is necessary to persistently reform, strengthen, and improve enterprise management in all fields in order to fully utilize great potentials hidden inside enterprises. China's enterprises are backward in technology, but are even more so in management. Once the management work of enterprises is improved, their economic efficiency will increase rapidly.

Zhang Jingfu said: Currently China's economic system is undergoing a major reform. State supervision of enterprises will gradually be changed mainly from direct to indirect control. Economic and legal means, as well as administrative means when necessary, will be adopted to control and regulate macroeconomic activities. In view of the reform, we must do away with backward management methods; improve management systems, rules, and regulations incompatible with the development of the forces of production; and set up an enterprise management system in line with the new economic system. Only thus can we invigorate the enterprises and instill vitality into the national economy as a whole.

Zhang Jingfu pointed out: In strengthening enterprise management, it is necessary to follow a clear-cut guiding ideology, that is, it is necessary to keep abreast of economic structural reform by paying close attention to building the "two civilizations," improving the performance of enterprises, especially raising product quality and lowering material consumption, by all means, and achieving a breakthrough in the economic efficiency of enterprises and in their capabilities to export goods and earn foreign exchange.

Zhang Jingfu emphasized that upgrading technology and exercising modern management are two indispensable aspects of economic modernization. Only when integrated with advanced management method can modern technology be transformed into effective forces of production.

Therefore, during the Seventh 5-Year Plan period, we must pay keen attention to both technology and management in order to continuously raise the capabilities of enterprises in improving and developing themselves.

Responsible persons of State Council departments concerned, council members, and representatives of the China enterprise management association, totalling some 1,200, attended the meeting today.

YANG DEZHI ON PLA DISCIPLINE, APPEARANCE

OW080248 Beijing Domestic Service in Mandarin 2230 GMT 7 Mar 86

[Text] According to a JIEFANGJUN BAO report, the General Staff Department held a meeting on 7 March of PLA units in Beijing on improving Army appearance, bearing, and discipline. Yang Dezhi, deputy secretary general of the Military Commission and chief of general staff of PLA, delivered an important speech at the meeting. He said: Further improving management and education and enforcing good Army appearance, bearing, and discipline should begin first with the Military Commission, all general departments, the leading organs of various services and arms, and PLA units in Beijing, following the example of what the central authorities are doing to rectify party style by starting first with the leading organs and Beijing. In this way, we will set a good example for the whole Army to follow. He pointed out: We should affirm that the PLA has made great progress in management and education in recent years. However, there are still many problems, including some serious problems.

Chief of General Staff Yang Dezhi emphatically discussed the question about poor Army appearance, bearing, and discipline. He blamed the poor Army appearance, bearing, and discipline on failure to ensure thorough education, strict management, implementation of rules and regulations, serious training, and effective military police patrols. After emphasizing the significance of improving Army appearance, bearing, and discipline, Yang Dezhi set the following demands on how to make the improvement: It is necessary to strengthen education to enhance the troops' understanding; it is necessary to implement Army regulations and enforce Army rules; it is necessary to carry out rigorous training, particularly basic training; it is necessary to make conscientious improvement by hitting the nail on the head; and it is necessary to organize effective military police patrols.

PLA REGIMENTS, UNITS BEGIN PARTY RECTIFICATION

OW110030 Beijing XINHUA Domestic Service in Chinese 1214 GMT 10 Mar 86

[Text] Beijing, 10 Mar (XINHUA) -- All PLA units at and below the regimental level have successively begun party rectification in accordance with the Central Military Commission's unified arrangements.

The responsible person of the All-Army Party Rectification Office told reporters that these units began party rectification after full preparations had been made. All units had carefully conveyed and studied the Central Military Commission's related documents and Vice Chairman Yang Shangkun's speech delivered at the all-Army discussion meeting on party rectification work. This enabled everybody to understand that party rectification in units at and below the regimental level was a major event closely connected with the fulfillment of party rectification tasks in the PLA, with achieving a fundamental turn for the better in the PLA's party style, and with the building of the basic-level units and all units of our PLA. All units thus understood the significance of party rectification in units at and below the regimental level, keeping in mind the overall situation. Party committees of these units put this task on their agenda of important items and paid utmost attention to it. All units trained backbone workers for party rectification. Some units trained party committee members at the regimental, battalion, and company levels or secretaries of party branches by rotation.

Still other units trained the personnel of investigation-and-study teams and inspection teams taking part in the party rectification task, enabling them to clearly understand the party's policy, principles, methods, and steps. These personnel, on their part, studied the new situation and new characteristics of party rectification in regiments and lower units as well as the major problems that must be solved. They also summed up and exchanged the experience of units selected for party rectification on an experimental basis.

To help regiments and lower units conduct party rectification successfully, all PLA general departments, the National Defense Science, Technology, and Industry Commission, and all large PLA units successively dispatched a large number of party-rectification investigation-and-study teams and inspection teams to basic-level units and help them make party rectification a success. These teams also conducted investigation and study and improved their own work in connection with party rectification, rendering a still better service to the basic-level units. More recently, a number of large PLA units sent work teams to basic-level units to inspect their method of preparation. In the cases of unsatisfactory preparations, party rectification was not allowed to begin hastily.

ATTENTION TO WOMEN'S LEADERSHIP POTENTIAL URGED

OW080728 Beijing XINHUA in English 0710 GMT 8 Mar 86

["Talented Women Must Not Be Held Back" -- XINHUA headline]

[Text] Beijing, March 8 (XINHUA) -- A women's leader today called on Communist Party and government chiefs to give talented women a fairer deal. Zhang Guoying, vice-president of the All-China Women's Federation, was quoted in today's GUANGMING DAILY as saying that women were often passed over for cadre promotion. The fact that they had to have time off work to have children, care for them and do housework was often held against them. Women scientists were also being held back from achieving their full potentials for the same reasons.

Zhang said in the article to mark International Women's Day that women were a vital force in China's modernization, and more were now displaying their skills under the current economic reforms. However, she pointed out: "The proportion of women participating in government and political affairs is very low, and there are even fewer female leaders in policy-making bodies." She called on party committees and officials at various tiers of government to pay serious attention to the training of women and the promotion of those qualified. Zhang added that Chinese women must constantly strive to improve their skills and contribute more to the modernization drive.

HU QIAOMU SPEAKS AT WOMEN'S DAY MEETING

OW090344 Beijing XINHUA Domestic Service in Chinese 1308 GMT 8 Mar 86

[By reporters Chen Yan, Sun Xiaoming]

[Excerpts] Beijing, 8 Mar (XINHUA) -- More than 1,000 women from all circles in Beijing gathered at the Great Hall of the People this morning to commemorate the "8 March" International Working Women's Day. Before the meeting, Comrades Deng Yingchao, Xi Zhongxun, Hu Qiaomu, Deng Liqun, Hao Jianxiu, Bo Yibo, Song Renqiong, and Kang Keqing cordially met with members of the national women's lecture group on ideals as well as with model women workers who have attended the national discussion of model women workers. They were briefed on the advanced deeds of these outstanding women.

Deng Yingchao spoke amid the warm applause of women from all circles in Beijing. She told the female participants at the meeting: All countries in the world recognize that Chinese women have contributed their wisdom and talents to their nation and are on an equal footing with men in all areas. In China, more women have engaged in public activities with the support and assistance from the state and all sectors of society. Of course, not everything proceeds satisfactorily. Therefore, women should continue their struggle. Women's rights are not granted by others, but are the results of their own work.

On behalf of the party Central Committee and the State Council, Hu Qiaomu extended festive greetings and comfort to women of all nationalities from all circles. He said: Chinese women have made profound achievements on all fronts, recognized by people throughout the country. He hoped that women in all circles would remove roadblocks in the path of advance and further develop their wisdom and talents.

NATIONAL COURT PRESIDENTS CONFERENCE ENDS

OW110215 Beijing XINHUA Domestic Service in Chinese 1420 GMT 10 Mar 86

[By reporter Zhang Sutang]

[Text] Beijing, 10 Mar 86 (XINHUA) -- A national conference of court presidents concluded in Beijing today after 5 days in session. The conference proposed that the main tasks for the people's courts this year be to unswervingly continue the crackdown on criminals gravely jeopardizing public order and on serious criminal economic activities, to vigorously strengthen the trial of economic and civil cases, while continuously striving to strengthen the legal system and improve the quality of court cadres.

Zheng Tianxiang, president of the Supreme People's Court, addressed the plenary session of the conference this afternoon. He said: Comrade Deng Xiaoping pointed out that "we should strengthen the legal system while carrying out construction." This is an important summing-up of our experiences, both positive and negative, gained in the 36 years since the founding of the PRC, a concrete integration of the universal truth of Marxism with the practice of building socialism with Chinese characteristics, and an important development of the theory of people's democratic dictatorship under new historical conditions. He said: The people's courts, the judicial organs of the state, constitute an important component of the state apparatus, and it is necessary to promote the improvement of the socialist legal system and the development of socialist democracy through judicial work.

Zheng Tianxiang pointed out: Cadres of the people's courts should be staunch, thoroughly materialist, uphold the principle of seeking truth from facts, base their decisions on facts and on legal criterion; they should ensure that laws are observed, that they are strictly enforced, and that lawbreakers are punished; and they should be impartial and incorruptible and uphold the principle that all are equal before the law. This is the key to bringing about a new situation in the work of a people's court.

Ren Jianxin, vice president of the Supreme People's Court, presented a report to the conference. He said: People's courts throughout the country tried more than 1.5 million civil, criminal, and economic cases last year. More than 226,000 economic cases were accepted, and over 203,000 of them were tried, protecting the legitimate rights and interests of the state, collectives, and individuals. This has played a positive role in maintaining economic order, readjusting economic relations, improving operations and management, and promoting economic reform. He pointed out: Criminal activities that seriously damage the economy are still rampant. Generally speaking, our blows dealt to such activities are not powerful enough.

Therefore, people's courts should regard cracking down on serious criminal economic activities as a major task. While cracking down on criminals gravely jeopardizing public order, we should unswervingly and sternly punish criminals who have seriously damaged the economy. The conference held: In the light of their judicial functions, people's courts should take the initiative in participating in the effort to tackle problems in public order in a comprehensive way, with emphasis on the prevention and reduction of litigation. They should alter the past practice of waiting for cases and handling cases behind closed doors or in an isolated way, make a circuit of the areas under their jurisdiction to hear cases, try cases on the spot, pronounce judgment in public, and solicit suggestions on judicial matters in order to contribute to the strengthening of the legal system and the building of socialist spiritual civilization. It is necessary to strengthen the ranks of court cadres ideologically, professionally, and organizationally, and to reinforce discipline and make them revolutionized, professional, and modernized.

President of various provincial, autonomous regional, and municipal higher people's courts and of intermediate people's courts in Chongqing, Harbin, and other cities attended the conference.

SHANGHAI COURT PRESIDENT ON TRIAL OF HU XIAOYANG

HK101422 Beijing ZHONGGUO XINWEN SHE in Chinese 1336 GMT 7 Mar 86

[Text] Beijing, 7 Mar (ZHONGGUO XINWEN SHE) -- At a special interview with a staff reporter today, Yao Genglin, president of the Shanghai Municipal Intermediate People's Court, said: "While trying the cases of Hu Xiaoyang et al, nobody interceded with me for the criminals."

Yao Genglin is now in Beijing, attending a national meeting of court presidents. He said: "The repercussions at home and abroad over the execution of the three children of senior cadres, including Hu Xiaoyang, who were guilty of hooliganism have been unexpectedly widespread. The people are watching us. As judges of a people's court, we must enforce the law strictly. When handling major and important cases, on no account must we be softhearted."

The execution of Hu Xiaoyang et al has become the subject of wide and heated discussions among the residents of Shanghai. Now more and more parents have come to realize the urgency and importance of giving their children a sound education.

President Yao said: With a stern crackdown on various criminal activities, there has been a remarkable turn for the better in Shanghai's social order. In accordance with the principle of striking heavy, swift, and relentless blows at the criminals who gravely endanger public order, this year the people's courts will resolutely crack down on such crimes as robbery, rape, murder, and grand theft. He said: The priority of our work is to handle major and important cases and to eliminate their influence. Once these cases are brought to the courts, the courts will promptly name a panel of judges to seriously handle the cases.

SONG PING ON CONSTRUCTION OF SHANXI ENERGY BASE

OWO90723 Beijing XINHUA Domestic Service in Chinese 1637 GMT 8 Mar 86

[Text] Beijing, 8 Mar (XINHUA) -- State Councillor Song Ping addressed the third meeting of members of the State Council's Energy Base Planning Office today, saying that China will continue to develop the energy base which centers on Shanxi, and includes Nei Monggol, Henan, Shaanxi, and Ningxia during the Seventh 5-Year Plan period.

During the Sixth 5-Year Plan, this energy base developed rapidly and made a great contribution to our national economic development. In 5 years, the net increase of crude coal output on this base was more than 120 million metric tons, accounting for more than half of the nation's net increase, the capacity of the newly installed power generators was 2.7 million kilowatts, and power output increased by 14.5 billion kwh; these were higher than the national rates of increase. The base annually shipped 150 million metric tons of coal, topping 1980 by more than 50 percent, and its capacity for shipping coal by road increased by more than 3 times. It was learned that the annual crude coal output, power output, the capacity of shipping out coal by rail, and the output of heavy industrial and chemical products will increase considerably during the Seventh 5-Year Plan period.

Song Ping said: The development and construction of this base will be crucial to invigorating the national economy and fulfilling the grand objectives by the end of the century. Therefore, the construction of this base should be carried out with the overall situation in mind so as to make it serve the whole nation. Song Ping urged the formulation of an overall strategic plan for the construction of this base so as to ensure a relatively coordinated development of all aspects, yield more returns with less investment, and provide the nation with more and better energy resources steadily for a long period of time.

NI ZHIFU ATTENDS BEIJING OPERA IN TIANJIN

OW102319 Beijing XINHUA Domestic Service in Chinese 1242 GMT 10 Mar 86

[By reporter Zhang Shuying]

[Excerpts] Tianjin, 10 Mar (XINHUA) -- Some people currently believe that there is a crisis within the Beijing Opera. In fact, this is not true. The exhibition sponsored by the Zhongguo Theater in Tianjin on the Zhang Junqiu School of Beijing Opera Arts held from 1 to 9 March indicated that the fundamental solution for the Beijing Opera is to train better opera singers and produce better operas.

Zhang Junqiu himself participated in the premiere by performing the Beijing Opera entitled: "Prosperity Brought by the Dragon and the Phoenix." Attending the opening ceremony were Ni Zhifu, secretary of the Tianjin City CPC Committee; Mayor Li Ruihuan of Tianjin; and Zhang Zaiwang, chairman of the Standing Committee of the city's People's Congress. Vice Minister of Culture Zhou Weizhi also came to Tianjin to see the opera.

In an interview with a XINHUA reporter, Zhang Junqiu said: "Is there a crisis within the Beijing Opera? First of all, this issue involves the quality of the performance of the Beijing Opera. Not to mention the fact that poor Beijing operas, even mediocre Beijing operas, fail to attract an audience." Zhang Junqiu expressed the hope that young Beijing Opera singers will effect reforms while carrying forward old traditions and producing more and better operas. Zhang Siyun, a famous Chinese violinist who had worked with Zhang Junqiu for more than 30 years, said: "Whether the Beijing Opera can flourish or not mainly depends on whether we can train better singers and produce better operas."

WANG ZHEN, DENG PUFANG AT BENEFIT ART SHOW

OW101907 Beijing XINHUA in English 1847 GMT 10 Mar 86

[Text] Beijing, March 10 (XINHUA) -- China's five main religions -- Buddhism, Taoism, Islam, Catholicism and Protestantism -- today joined hands for the first time to help the handicapped.

Leading figures from the five religions together presented 400 paintings and calligraphic works to the China Welfare Fund for the Handicapped at the opening ceremony of an exhibition here today. The exhibition displays all the 400 art works for public viewing. Each religion has a pavilion at the exhibition showing its history and present activities in China. Most of the calligraphic works are quotations from the religious scriptures, well known sayings, maxims and poems. One Buddhist scripture was written by Bainqen Erdini Qoigyai Gyaincain, vice-chairman of the Standing Committee of the National People's Congress. The activity to collect and donate the works started in May 1985 and was joined by religious and non-religious figures in 28 provinces, municipalities and autonomous regions. Some of these works were printed in the form of albums last month by the People's Art Publishing House. Wang Zhen, honorary director-in-chief of the China Welfare Fund for the Handicapped, cut the ribbon at the exhibition's opening ceremony. The show is to last until March 23.

[Beijing XINHUA Domestic Service in Chinese at 0907 GMT on 10 March in its reportage of the above meeting notes that Deng Pufang, director-in-chief of the China Welfare Fund for the Handicapped, spoke at the meeting.]

HUANG HUA RETURNS TO BEIJING 10 MARCH

OW101332 Beijing XINHUA in English 1324 GMT 10 Mar 86

[Text] Beijing, March 10 (XINHUA) -- Huang Hua, vice-chairman of the National People's Congress Standing Committee, returned here today after attending the second meeting of the policy board of the interaction council of former heads of government.

HU YAOBANG, YU QIULI WRITE FOR PICTORIAL

OW080010 Beijing XINHUA Domestic Service in Chinese 1242 GMT 7 Mar 86

[Excerpts] Beijing, 7 Mar (XINHUA) -- A photographic art pictorial and a picture-story book, both entitled "The Motherland Is In My Heart," have been published and will soon be on sale throughout the country. Comrade Hu Yaobang wrote the book title for the photographic art pictorial, and Comrade Yu Qiuli wrote a preface for it. The pictorial and the book, both compiled by Jiefangjun Pictorial, contain vivid pictures and true and interesting stories. The Propaganda Department of the CYL Central Committee recommends them to youth and children throughout China as excellent readers on patriotism and revolutionary heroism.

HUANG HUANG, WANG YUZHAO AT ANHUI CADRE MEETING

OW071157 Hefei Anhui Provincial Service in Mandarin 1100 GMT 5 Mar 86

[Excerpts] The Anhui Provincial CPC Committee yesterday afternoon held a meeting of cadres from departments directly under the provincial authority to further mobilize the vast number of party members and cadres in these departments to improve the party style and general mood of such departments and to set an example for the whole province.

On behalf of the provincial party committee, Zhao Baoxing, member of the Standing Committee and secretary of the Discipline Inspection Commission of the provincial party committee, made a report to the meeting: Departments Directly Under the Provincial Authority Should Set an Example for the Whole Province in rectifying the Party Style.

Zhao Baoxing pointed out: Generally speaking, the main trend of the party style in the departments directly under the provincial authority is good, and so are a large number of party members and cadres in these departments. It should be soberly noted, however, that there are still unhealthy tendencies in departments directly under the provincial authority and some units, as well as among a small number of party members and cadres. The main manifestations of such unhealthy tendencies are: 1) abusing one's power and position to seek personal gain; 2) practicing selfish departmentalism to a serious extent; 3) indiscriminately issuing money and materials; 4) using public funds and materials for banquets and gifts; 5) choosing personnel for jobs and handling affairs not in party spirit or in accordance with principles but on the basis of personal sensibilities and connections; 6) practicing liberalism politically; 7) vying with one another in buying or changing automobiles; 8) indiscriminately sending personnel abroad; 9) the problem of party and government organizations and their cadres engaging in business or running enterprises is not yet thoroughly solved; and 10) loose organization and lax discipline.

He said: The provincial party committee holds that since the departments directly under the provincial authority are leading bodies for the whole province, they should take the lead in rectifying their party style and set an example for the whole province in this regard.

He emphatically pointed out: An important link to be grasped in rectifying the party style is to concentrate our forces on the investigation and handling of major and serious cases. The provincial party committee is determined to thoroughly investigate and deal with a number of major and serious cases. Such cases must be thoroughly investigated and sternly dealt with according to party policy no matter who is involved. Whoever has committed a wrongdoing must be resolutely dealt with no matter what unit he is with or no matter what his position. We must uphold that all are equal before party discipline and the law of the state.

In his speech at the meeting, Huang Huang, secretary of the provincial party committee, said: Central organs have set an example in rectifying the party style, greatly inspiring the entire party and the people across the country. Our departments directly under the provincial authority also should take the lead in rectifying the party style and set an example for the whole province in this regard. This is a requirement set by the party Central Committee and the provincial party committee as well as the wish of the cadres and masses in the province.

He said: At a provincial rural work meeting held last January, the provincial party committee set the requirement for persistently forging ahead and taking the first practical step in the new year.

All localities and departments are carrying out the guidelines laid down by the provincial rural work conference and the situation in various fields is very good. If we can improve the party style in a down-to-earth way, we will be able to further whip up the revolutionary enthusiasm of large numbers of cadres and people. Then, all our undertakings will progress at a faster speed and Anhui's future will become even brighter.

Wang Yuzhao, deputy secretary of the provincial party committee and governor of the province, presided over the meeting.

Party Official Speaks

OW091217 Hefei Anhui Provincial Service in Mandarin 1100 GMT 7 Mar 86

["Excerpts" of speech by Zhao Baoxing, member of the Standing Committee of the Anhui Provincial CPC Committee and secretary of the Anhui Provincial Discipline Inspection Commission, at 4 March cadres meeting of organs directly under provincial jurisdiction]

[Excerpts] The provincial CPC Committee has decided to hold this meeting in order that party members and cadres of the organs directly under provincial jurisdiction will make further efforts to implement the guidelines of the party Central Committee's important documents on improving party style and on central leading comrades' important speeches, and that they will improve party style, correct all unhealthy tendencies, and eliminate all corrupt practices to improve the party style of these organs and make themselves the model for the whole province.

Now, I would like to talk about three points on the basis of the provincial CPC Committee's opinions:

I. The work performance of the organs directly under the provincial jurisdiction in improving party style.

Since the beginning of 1985, under the leadership of the provincial CPC Committee, party leading groups and party committees of all organs directly under the provincial jurisdiction launched the campaign to correct new unhealthy tendencies. After one year's efforts, new unhealthy tendencies, about which the masses complained acutely, such as abusing power to do business, issuing clothing, bonuses, foodstuffs, and various allowances without authorization, collecting unauthorized donations, issuing lotteries illegitimately, publishing unhealthy books, tabloids, and selling or showing obscene videotapes have been basically stopped. Generally speaking, these organs' work performance in correcting unhealthy tendencies was sound, appropriate, and fruitful.

After receiving the notice issued by the General Offices of the party Central Committee and the State Council on solving some serious problems about office work style at present, in particular, after the CPC Central Committee's Secretariat held a cadres meeting of central organs in early January, leading comrades of the majority of the organs directly under the provincial jurisdiction adopted a correct attitude and responded positively to the call issued by the party Central Committee. However, this was still far from meeting the party Central Committee's requirement and the expectation of the people of the whole province. We must strictly follow the party Central Committee's policy and the arrangements by the provincial CPC Committee, do a real good job in improving the work style in the organs directly under provincial jurisdiction, and make them the model for the whole province.

II. The main problems concerning party style in the organs directly under the provincial jurisdiction.

To solve problems concerning party style in these organs, we must first of all objectively appraise their party style. Generally speaking, the main aspect of party style in these organs is good, and the majority of party members and cadres of these organs are good. However, various unhealthy tendencies still exist in some units of these organs and in a small number of party members and cadres. Some problems are quite serious.

They are:

1. Obtaining personal gain by abusing power and position;
2. Serious departmentalism;
3. Unauthorized handouts of cash or in kind;
4. Throwing banquets, handing out gifts at public expense;
5. Employing people on the basis of personal friendship and relationships, instead of because of party spirit or principle;
6. Political liberalism -- going one's own way and sticking to one's own way of doing things.
7. Scrambling for the opportunity to buy cars or replace old ones, promoting the unhealthy tendency of going for ease and comfort;
8. Sending people abroad without good reason;
9. Some party and government organizations and cadres still doing business or working with enterprises; and
10. Lax discipline and sluggish organization.

In view of all these, we must take drastic measures to improve party style, correct the unhealthy tendencies, and eliminate all corrupt practice.

III. Organs directly under provincial jurisdiction must make further efforts to improve party style.

The central authorities have announced that central organs must make themselves the model for the whole country. This gives us a good example. The provincial CPC Committee holds that organs directly under provincial jurisdiction are the head organs of the whole province and, therefore, they must set an example for the whole province and take the lead in improving party style, correcting unhealthy tendencies, and eliminating corrupt practices. The provincial CPC Committee demands that unhealthy tendencies be basically stopped in the first half of this year and a still better turn in party style achieved within the year.

For this purpose, we must do our work well in the following six aspects:

1. We must effectively strengthen leadership over the work to improve party style.

The provincial CPC Committee has decided to set up a leading group for improving party style in organs directly under provincial jurisdiction and set up an office for this leading group.

2. We must mobilize party members and cadres to carefully study central leading comrades' important instructions on improving party style and the party Central Committee's related documents.
3. We must begin improving party style with leading organs and leading cadres, making them models.

The provincial CPC Committee has determinedly begun with itself in improving party style, with the office compounds of the provincial CPC Committee and the provincial government. Party leading groups and party committees of all units and sections of the organs directly under provincial jurisdiction must also begin with themselves in improving party style.

4. We must concentrate our efforts on investigating and handling major and important cases.

The provincial CPC Committee is determined to firmly pursue some major and important cases and deal with them through to the end. Investigation will be thoroughly conducted regardless of who is involved and cases will be sternly handled according to the party's policy. Whichever level of organizations and cadres are involved will be firmly handled so that all are equal before the party discipline and the law of the land.

5. We must step up education in party spirit to enhance Communist Party members' party spirit.

6. We must have organizational and mass supervision. In improving party style this time, the provincial CPC Committee requires party members, cadres, and the masses throughout the province to proceed from defending the interests of the party and the people and report to it in time any serious dereliction of duty or violations of law or discipline on the part of leading cadres at all levels.

It is the party Central Committee's policy and also the wish of the masses of people to improve party style and correct unhealthy tendencies. It is also the duty of all Communist Party members and all office cadres to do so. Our organs directly under the provincial jurisdiction are politically, economically, and culturally the commanding offices of the whole province. Many cadres are shouldering the heavy duty of leading the whole province in one certain field of work. Therefore, we must take the lead to willingly improve party style, correct unhealthy tendencies, eliminate corrupt practices, and be the model for the whole province. This is of tremendous significance in promoting both material and spiritual civilization throughout the province. The provincial CPC Committee is confident that party members and cadres of the organs directly under the provincial jurisdiction, in particular, leading cadres at all levels, will certainly respond with concrete action and make contributions to achieving a fundamental turn for the better in party style and social order.

JIANGSU: HAN PEIXIN ON FAMILY PLANNING WORK

OW090719 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 7 Mar 86

[Excerpt] After attending the national commendation meeting for the advanced collectives and individuals in family planning work, 32 representatives from Jiangsu Province returned to Nanjing by plane this morning.

Han Peixin, secretary of the Jiangsu provincial party committee, and Yang Yongyi, vice provincial governor, met and held discussions with the representatives in the afternoon. Comrade Han Peixin pointed out: Success in family planning work in the province has promoted economic development and the building of the two civilizations. He expressed the hope that the advanced units would assist the less advanced to change their outlook as soon as possible.

WANG FANG LAUDS ZHEJIANG RURAL PRACTICE

OW081021 Beijing XINHUA Domestic Service in Chinese 0013 GMT 7 Mar 86

[By reporter Yu Yunda]

[Text] Hangzhou, 7 Mar (XINHUA) -- Town and village enterprises in various parts of Zhejiang Province use "industrial income to subsidize agriculture." In 1985, the subsidies provided by town and village enterprises to agriculture amounted to 150 million yuan, nearly three times the funds for supporting agriculture allocated from the province's local reserve funds.

In 1985, the town and village enterprises in Zhejiang Province hit an all-time high in total output value, profits, and tax payment. In 1985, the total output value was 23 billion yuan, up 67 percent from 1984, and the profit and tax payment increased by 65 percent and 76 percent respectively, as compared with 1984. Increased income enables the town and village enterprises to provide subsidies to agriculture.

At a recent provincial rural work conference, Wang Fang, secretary of the Zhejiang provincial party committee, summed up the subsidies provided by town and village enterprises to agriculture in Zhejiang Province in three forms: The first is to set aside a portion of town and village enterprises' income for use in running service undertakings or directly subsidizing crop cultivation and livestock or fish breeding. The second is for the town and village enterprises, in places where such enterprises are relatively more developed, to recruit members of big peasant households with certain necessary conditions as enterprise workers. Such workers receive basic wages from the enterprises in addition to contractual agricultural income. The third is for the town and village enterprises of relatively high financial capability to run agricultural and animal husbandry "workshops," manage the workshops in a unified way, and let them keep separate accounts. Wang Fang held that these are good practices, and that the last two practices particularly can keep the actual income of farmers no lower or slightly higher than the average income of workers, and thus help fundamentally arouse the enthusiasm among the commune members doing farming work.

Wang Fang said: Subsidies for agriculture should be provided not only by town and village collective enterprises, but also by industries, commerce, building industries, and transport services run by one household or several households, and by rural personnel working or doing business away from home. Those who use their grain fields as land for growing cash crops or fish ponds should increase their payment to the state under new contract terms. If necessary, the village government may collect a certain amount of grain production compensatory funds from them. The subsidies to agriculture should be used according to local conditions. They should primarily be used in supporting grain production, cultivation of other crops, livestock and fish breeding, farmland capital construction, and technical service. In short, they should be used to help develop grain production, to strengthen agricultural potential, and to promote the specialization and modernization of agriculture and large-scale commodity production in rural areas.

GUANGZHOU PEOPLE'S CONGRESS ELECTS MAYOR

HK101442 Beijing ZHONGGUO XINWEN SHE in Chinese 1357 GMT 10 Mar 86

[Text] Guangzhou, 10 Mar (ZHONGGUO XINWEN SHE) -- Today Zhu Senlin was elected mayor of Guangzhou. At the Fourth Session of the Eighth Guangzhou City People's Congress, 577 deputies voted for Zhu Senlin. Seven votes were either against or abstentions.

Zhu Senlin, 56, is a native of Shanghai's Chuangsha County. Since 1952, when he was transferred to Guangzhou, he has worked in county and city organs and he was once a deputy secretary of the Guangzhou City CPC Committee. In August of last year, he became acting mayor of Guangzhou.

Today in an interview, Zhu Senlin told reporters that in pursuing the opening-up policy and carrying out reforms, Guangzhou should take further advantage of its geographical proximity to Hong Kong and Macao and its large number of Overseas Chinese. In the past, the more than 1.4 million Overseas Chinese from Guangzhou were very concerned about Guangzhou's construction and had given it much support. So far, Guangzhou has signed 578 contracts with foreign businessmen, Overseas Chinese, and Hong Kong and Macao compatriots on cooperative undertakings. About half of these undertakings have been business or operations. He suggested that since the number of successful joint undertakings is increasing and since the opening-up policy has succeeded in winning the hearts of more and more people, the cooperation between Guangzhou on the one hand and foreigners and Hong Kong and Macao compatriots on the other will become increasingly extensive.

He said that after assuming office, he would make special efforts to speed up Guangzhou's economic development, make the construction of basic facilities a success, facilitate scientific and technological advances, make a success of the exploitation of intellectual resources, strengthen urban administration, and improve the people's livelihood.

HAINAN CONFERENCE ON RURAL PARTY RECTIFICATION

HK101000 Haikou Hainan Island Service in Mandarin 0400 GMT 6 Mar 86

[Excerpts] The 15-day Hainan regional conference on rural party rectification concluded in Haikou on 3 March. Dong Fanyuan, deputy secretary of the Hainan Regional CPC Committee, presided over the final day of the conference. Yao Wenxu, secretary of the regional CPC Committee, gave a summary. Pan Qiongxiang, member of the regional CPC Committee Standing Committee and secretary of the Discipline Inspection Commission, discussed some problems concerning arrangements for rural party rectification in our region.

In his summary, Comrade Yao Wenxu said: After half a month of serious study, comrades attending this conference have learned a great deal. They understand the importance of rural party rectification, of furthering their understanding of the importance, urgency, and need for rural party rectification, of dispelling their ideological misgivings, of strengthening their confidence in doing well in party rectification, of exposing contradictions, and of defining the rectification and correction orientation.

In dealing with the problems of how to start party rectification work at the district level, Comrade Yao Wenxu emphasized: It is necessary to work hard and grasp study well. The study of documents must be an essential aspect of the whole process of party rectification and must constantly deepen our understanding of the spirit of the documents. While studying, we must stress methods and results. The decision of the CPC Central Committee on party rectification and the circular of the Central Commission for Guiding Party Rectification on arrangements for rural party rectification are the main documents for guiding rural party rectification. We must thoroughly study and master them.

Second, in the course of party rectification, we must be bold in linking realities with the presentation of problems. In particular, we must firmly grasp the focal points and present the main problems.

Third, we must simultaneously carry out rectification and correction. Proceeding from the reality of our own places, we must present our own problems. We must regard the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee as our basis and historically and specifically analyze the problems. Those ideas, concepts, and work styles which are not beneficial to rural reform must be changed. Those which are not advantageous to the emancipation of rural productive forces and to the development of the rural economy must be corrected.

The problems which should now be solved in party rectification at the district level are, in a word, those which are in accord with the guidelines of the central authorities on rural party rectification and Hainan's situation. We must solve the following:

1. The problem of keeping our minds on our work. Comrades, ranging from district CPC Committee secretaries and district heads to all cadres in all districts, must keep their mind on their work in their districts and have a long-term plan.
2. The problem of being bold in handling cases. Cadres at all levels must be boldly responsible and bold in adhering to the party's principles in struggling against unhealthy trends.
3. The problem of unity. Leaders at all levels must take the lead in doing well in unity and act as models in unity.
4. The problem of establishing a normal work order and establishing a system of checking on work attendance, putting these on a sound basis, and the problem of implementing the system of personal responsibility. We must also run well the canteens of the various organs at the district level.

In conclusion, Comrade Yao Wenxu stressed: The country CPC Committee secretaries must personally grasp rural party rectification. All departments and fronts must do a good job in party rectification in coordination with one another. The regional CPC Committee secretaries must also personally grasp this work, provide cadres for this work, set up offices, and do well in grasping the routine work of party rectification. While starting rural party rectification work, we must also do a good job with current production, neglecting neither. We must use party rectification to promote rural reform and to promote the thorough development of rural socialist material and spiritual civilization.

RURAL RECTIFICATION PROBLEMS IN HAINAN DISCUSSED

HK090615 Haikou Hainan Island Service in Mandarin 0400 GMT 9 Mar 86

[Station commentary: "Correct Ideological Understanding and Do a Good Job in Rural Party Rectification"]

[Excerpts] Party rectification in rural Hainan is now unfolding in groups and stages in accordance with the CPC Central Committee's decision and arrangements on party rectification. The district and township party organizations and party members are the party's core and backbone force in the rural areas, and the bridge linking the party to the peasant masses. Doing a good job in rectifying these party organizations is of far-reaching significance for bringing about a fundamental turn for the better in party style and social mood, promoting and ensuring the healthy development of rural reforms, making a success of opening up and reforms in Hainan, and stimulating the building of material and spiritual civilization in the rural areas. We must therefore grasp rural party rectification as a great construction project, enhance understanding, summon up resolve, devote great effort, provide careful guidance, and carry out rectification of the district and township party organizations in a planned and measured way in accordance with the four demands put forward by the Central Commission for Guiding Party Rectification.

The majority of rural party members are ideologically prepared for rural party rectification. However, some comrades have only a vague understanding of it, holding that since since the district and township party organizations are engaged in practical work and have no power in formulating policies or in personnel and financial work, there is nothing worth rectifying. This is obviously a one-sided view. There are problems of impurity of ideology, work style, and organization among the rural party organizations and party members in Hainan. These are mainly expressed in the following ways:

1. Some party members have a weak concept of serving the people wholeheartedly. They give little thought to the people's interests but focus on their individual gain and loss. They are not happy doing rural work.
2. Some units have developed the idea of looking for money in everything. They have failed to set right their guiding ideas on work.
3. Some leadership groups have relaxed discipline and have a poor concept of party spirit. As they are disorganized, they cannot act as strong leadership cores.
4. A few party members abuse their powers and vie for profit with the people. They even violate law and discipline to a serious extent and embark on the road of crime.
5. Some party members lack a deep understanding of the party's rural policies for the current stage. Their thinking cannot keep up with the situation, and they have relaxed leadership and control over rural work, causing undesirable consequences.

Although these problems have emerged in the course of carrying out reforms, opening up, and enlivening the economy in the rural areas, and are under-currents in work, they interfere with the implementation of the party's rural policies and affect normal work order. How can the party attract the peasants, lead them to carry out rural reforms in depth, and strive to attain the vast goals proposed by the 12th party congress if the party fails to expose and thoroughly correct these defects?

It is evident from this that the question is not whether or not to rectify the rural party organizations but how to do a good job in rectification and avoid doing the work in a superficial way.

HEBEI CIRCULAR ON DEALING BLOWS TO ECONOMIC CRIMES

SK070652 Shijiazhuang HEBEI RIBAO in Chinese 19 Feb 86 p 1

[Text] Recently the provincial Higher People's Court issued a circular, calling on the courts at various levels throughout the province to attach primary importance to and conscientiously strengthen leadership over the work of dealing blows to serious economic crimes, and to resolutely deal blows to serious economic criminals according to law in order to ensure smooth progress in the four socialist modernizations.

Fighting in coordination with the public security and procuratorial organs, last year the courts at various levels throughout the province punished numbers of serious economic criminals according to law. However, serious economic criminal activities, which are rampant throughout the province, have seriously damaged socialist construction, have disturbed public security and social order, and have polluted social practices. The circular called on the courts at various levels to fully understand the importance and urgency of the work of dealing blows at economic crimes and to attach importance to grasping this work. While focusing on firmly grasping major and appalling cases, we should pay attention to preventing the tendencies of being slack in dealing blows to economic criminals, such as "giving disciplinary punishment instead of legal penalties" and "leniently sentencing a serious criminal." We must mete out severe punishment to serious economic criminals. Whoever offers or accepts bribes must be called to account. It is necessary to strictly deal blows to swindling activities. Those who neglect their duties should be called to account. Efforts should also be made to strictly investigate party and government organs, social organizations, and enterprises and establishments that have engaged in criminal activities. It is necessary to smash the network of personnel relations and layers of protection. Whoever commits economic crimes should resolutely be punished and dealt with according to the law.

The circular called for efforts to integrate the work of dealing blows to economic criminals with precautions against the occurrence of economic criminal activities, and to link the handling of cases with education on general legal knowledge so as to promote the progress of the work of comprehensively tackling problems concerning public security. It is necessary to choose typical cases in a planned manner, to extensively conduct public trials, and to overtly pronounce judgments. Propaganda on legality should be carried out by taking typical cases as examples so as to suppress crimes and to educate the masses. Through hearing cases of relevant units and departments having practical and institutional problems, the judicial organs should make timely suggestions to help them plug up loopholes and reduce the occurrence of criminal activities so as to deepen the activities of dealing blows to economic criminals.

SHANXI GOVERNOR SPEAKS AT PROVINCIAL WORK MEETING

OW011726 Beijing XINHUA in English 1501 GMT 1 Mar 86

[Text] Taiyuan, March 1 (XINHUA) -- Shanxi Province, China's leading coal producer, will stress improvement of transport, updating industrial enterprises and training of personnel in the seventh five-year plan, starting this year, according to the provincial governor, Wang Senhao.

Speaking at a recent provincial work conference, Wang said the 12 railway lines and 12 highways being built or upgraded across the province will boost the transport capacity by 200 million tons by rail and 28 million tons by highway upon completion in 1990.

The province produced 210 million tons of coal last year, accounting for one fourth of the country's total. But much of its coal is difficult to ship out due to transport problems.

The province will engage in foreign economic cooperation to update its 58 larger industrial enterprises and develop new industries in the coming five years. More trees and grass will be planted in the next five years to raise the tree coverage from the present 12 percent to 17 percent by 1990 to check soil erosion.

Shanxi will produce 10 million tons of grain by 1990, an increase of 1.8 million tons over 1985. This means that the total industrial and agricultural output value of the province will amount to 41 billion yuan a year by 1990, up 141 percent over 1980.

According to the governor, by 1990, the nine-year compulsory education scheme will be in effect throughout the province. The higher-learning institutes will have a total of 60,000 college graduates and 100,000 adults will be trained in skills in the same period.

SHANXI LEADERS ATTEND WOMEN'S DAY GATHERING

HK080331 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 7 Mar 86

[Excerpts] Some 300 women representatives of various circles held a gathering in Taiyuan on 7 March to celebrate Women's Day. The function was attended by leading comrades of the party, government, and Army in the province and city including Li Ligong, Zhang Changzhen, and Hu Xiaoqin. Provincial CPC Committee Secretary Li Ligong made a speech.

HEILONGJIANG'S 1985 ECONOMIC DEVELOPMENT RESULTS

SK280150 Harbin HEILONGJIANG RIBAO in Chinese 9 Feb 86 pp 1, 2

[Text] In 1985, our province scored great progress in reforming the economic structure and a vigorous upward trend emerged in the national economy. According to statistics compiled by the provincial Statistical Bureau, the total social product increased by 7.9 percent over the previous year, total agricultural output value increased by 7.3 percent, and national income increased by 5.4 percent. Most of the major targets set in the "Sixth 5-Year" plan were fulfilled or overfulfilled ahead of schedule.

Agricultural Production Developed in the Course of Readjustment

In the structure of the planting industry, the acreage of grain sown dropped slightly but that of economic crops increased by a large margin. The acreage of grain sown dropped by 2.1 percent from the previous year and that of economic crops increased by 26 percent over the previous year. In grain cultivation, we expanded the acreage of fine grain and soybeans. The sown acreage of paddy rice increased by 39.9 percent, that of wheat, 2.8 percent, and that of soybeans, 18 percent. The area sown to coarse grain and tuber crops dropped by 19.6 percent. The readjustment in the structure of the planting industry indicated that our province's planting industry has begun to move toward the direction of planting more quality and marketable crops of higher economic value.

Last year about 50.6 percent of the province's sown acreage was hit by natural disasters. However, the total grain output is still expected to reach 14 billion kg or more, showing a decline of about 20 percent from the previous year, which is still considered a fairly good harvest in history.

We witnessed new progress in animal husbandry production. The total number of large animals in stock at the end of the year increased by 244,000 head, a growth of 8.6 percent over the previous year. We ended the situation in which the production of hogs dropped for the past 6 years in succession and an upward trend began to emerge. The total number of hogs in stock at the end of the year increased by 23.5 percent, and that of breed sows increased by 26.8 percent over the previous year. Thanks to the development of animal husbandry, the output of pork increased by 7.1 percent, that of beef, 9.96 percent, and milk, 12.5 percent over the previous year.

The initial readjustment in the rural production setup has enabled the proportion of the total output value of five production departments, including the rural agricultural, industrial, communications, transport, building, commercial, catering, and service industries, to that of the total social product to witness new changes. The proportion of agriculture dropped from 80 percent in the previous year to 70.7 percent; that of industry increased from 11.2 percent the previous year to 12.6 percent; that of the communications and transport industry rose from 1.6 percent to 3.4 percent; that of the building industry rose from 5.2 percent to 6.4 percent; and that of the commercial, catering, and service industries rose from 2 percent to 6.9 percent.

Industry Developed in a Steady and Coordinated Manner

The province's total industrial output value is expected to reach 35.7 billion yuan, showing an increase of about 12 percent over the previous year. Last year was a year of the quickest increase in industrial output value during the "Sixth 5-Year" Plan period. The processing industry witnessed the most rapid increase, and produced an additional output value of 1.53 billion yuan, accounting for about 50 percent of the total increased industrial output value.

In the machinery industry, we fulfilled all tasks of producing subsidiary products for key state projects. The annual production plans of the raw materials industry were fulfilled ahead of schedule and the production of the mining and energy industries rose steadily. Owing to the readjustment in the state timber felling plan, the output of timber dropped by 1.1 percent. The light and textile industry continued to maintain an upward trend and the increased output value accounted for about 24 percent of the total increased industrial output value.

The output value of the collective industrial units rose by 19.6 percent over the previous year, exceeding the growth rate of 8.8 percent of the state industrial units. The output value of the individual industrial units reached 300 million yuan, and after achieving a 100-percent increase in the previous year, we achieved another more than 100-percent increase.

After implementing the system of using cities to stimulate counties, the city and county industrial units developed simultaneously. The key role of major cities had been further displayed. The total output value of Harbin, Qiqihar, Mudanjiang, and Jiamusi Cities increased by 15.2 percent over the previous year, of which the output value of city and district industrial units increased by 15.1 percent, and that of the county industrial units, 15.3 percent. The increased output value of the four cities accounted for 66.2 percent of the province's total increased output value.

Last year the labor productivity of state industrial units rose by 7.7 percent over the previous year. The amount of profits and taxes made by the independent accounting industrial enterprises at and above the county level increased by 9.8 percent over the previous year. The profits and taxes realized by the industrial enterprises covered by the local budget rose by 19.9 percent over last year.

The freight volume of the communications and transport departments rose by 5.6 percent over the previous year, exceeding the plan by 7.3 percent. The passenger transport units provided services for some 121 million passengers, showing a small increase over the previous year.

Investment in Fixed Assets Has Been Controlled

The province's capital construction investment reached 4.33 billion yuan, an increase of 13.1 percent over the previous year. The investment in implementing the equipment replacement and technical updating measures reached 1.27 billion yuan, an increase of 5.8 percent over the previous year. Together with investment in other fixed assets, the total investment in fixed assets of the state enterprises and units reached 8.11 billion yuan, an increase of 11.6 percent over the previous year. Through the efforts of various fields, the once existing problem of having a too large a scope of investment in fixed assets had been solved. The growth rate began to drop gradually after July.

The Urban and Rural Markets Were Brisk and Foreign Trade and Exports Increased by a Large Margin

Last year the total retail sales of commodities increased by 3.92 billion yuan, an increase of 7.6 percent, the highest figure ever achieved in a year.

Viewed from the whole market situation, we discovered the following features:

1. High quality and nutritious foodstuffs of various varieties were in great demand. The retail sales of food commodities increased by 21.9 percent over the previous year, accounting for 48.5 percent of the retail sales of consumer goods. Of this, the proportion of staple food dropped from 27 percent in the previous year to 25.2 percent and that of nonstaple food increased from 51 percent to 53 percent.

2. The sales of clothing increased rapidly and the proportion rose. The retail sales of the clothing commodities increased by 26.4 percent over the previous year. If price changes are excluded, the actual increase was 23.5 percent, accounting for 20.5 percent of the retail sales of consumer goods.

3. In daily necessities, the demand for medium-and high-grade new electric commodities continued to increase. The retail sales of such commodities rose by 24.6 percent over the previous year. If price changes are factored in, the actual increase was 17.3 percent, accounting for 27.8 percent of the retail sales.

4. Exports and foreign trade increased by a large margin. The purchase volume of export commodities increased by 38.2 percent. The total export volume was valued at \$450 million, an increase of 32.7 percent. International tourism developed rapidly. The number of foreigners, overseas Chinese, and compatriots from Hong Kong, Macao, and Taiwan who came to visit their relatives in the province and for visits and sightseeing increased by 25 percent over the previous year.

5. The sales of the means of agricultural production slowed down and the sales volume of some major varieties of products dropped. The sales of chemical fertilizer dropped by 10 percent, that of agricultural chemicals, 30 percent, that of tractors, 36.6 percent, that of plastic sheetings for agricultural use, 5 percent, and that of small agricultural implements, 30 percent.

Financial Revenue Increased, Expenditures Were Reduced, and the Situation of Extending Credit Improved.

The province's financial revenue covered by the local budget increased 9.3 percent over the previous year and the financial expenditures increased by 4.9 percent. The growth rate of financial revenue greatly exceeded that of expenditures. The sources of credit expanded and the scope of credit was brought under control. The growth of savings deposits exceeded that of credit. Cash revenue increased by 23.2 percent. After cancelling out expenditures from the revenue, the net money in circulation was 830 million yuan, a decline of 29.7 percent from the previous year.

GANSU HOLDS PROVINCIAL ECONOMIC WORK MEETING

HK060433 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 2 Mar 86

[Text] The provincial economic work meeting ended on the afternoon of 2 March. The meeting pointed out that one of the central tasks for the province's economic work during the Seventh 5-Year Plan is to strengthen business management of enterprises. More than 400 delegates from all prefectures, autonomous prefectures, cities, counties, districts, and some enterprises and units, attended the 11-day meeting.

The participants reviewed the province's economic work in 1985 and the whole Sixth 5-Year Plan period, and arranged tasks for the province's economic work in 1986 and the whole of the Seventh 5-Year Plan period. The meeting stressed that the Seventh 5-Year Plan period is an essential period in which the reform of economic structure focusing on the city will develop continuously and steadily and will achieve decisive progress. It is also an essential period for laying down a good foundation for a rapid development of the province's economy. Properly carrying out all work in these 5 years will be of great importance in attaining the target of quadrupling the province's industrial and agricultural output value by the end of this century.

The problems of poor business management and bad economic results are widespread in the province's enterprises. To solve these problems, it is necessary to treat strengthening business management as the focus of economic work during the Seventh 5-Year Plan period and to firmly grasp this problem, just as we grasped straightening out enterprises over the past few years. We must start by deepening our understanding of the work of strengthening enterprise management; formulate plans for improving enterprise management. We must grasp enterprise management in a down-to-earth manner in the areas of establishing and perfecting the system; upgrading the quality of enterprise management; cutting down consumption; and doing ideological and political work.

To ensure the implementation of this work, the provincial CPC Committee and government decided after discussion, to set up the provincial leading group for strengthening enterprise management. All localities and departments must also set up corresponding organs to take charge of the work of strengthening enterprise management.

At the meeting, the provincial economic committee, on behalf of the provincial government, signed economic responsibility agreements for 1986 with 5 central units in Gansu, and 12 provincial departments and bureaus, and 14 prefectures, autonomous prefectures, and cities. It also commended 11 units including the Gansu Provincial Petrochemical Industry Department which did well in executing economic responsibility agreements for 1985; 4 national level advanced enterprises including the Lanzhou Petrochemical Industrial Machinery Plant; 176-good enterprises including the Yumen Petroleum Management Bureau; and 67 advanced units including the Jiuquan Iron and Steel Plant.

Leading Comrades of the provincial CPC Committee and government attended today's meeting, including Li Ziqi, Chen Guangyi, Jia Zhijie, Hou Zongbin, Ge Shiyang, He Jianshan, Liu Shu, and Zhang Wule.

They must deal with a number of important and major cases as swiftly as possible, achieve marked results in the first half of this year, and strive for a basic turn for the better in party style by the end of this year. On behalf of the provincial CPC Committee, Huanjue Cailang stressed five demands on provincial organs:

1. Provincial organs must put correcting party style high on their agenda and give prominence to ideological work, strengthen ideological and political work, and carry out education toward the current situation, policies, and anti-corruption.
2. Leading cadres of provincial organs must take the lead in analyzing themselves in correcting party style and mobilize party members and cadres to supervise their work.
3. Provincial organs must seriously investigate and deal with important and major cases. Those who refuse to mend their ways despite repeated admonition must be punished severely.
4. All administrative organs must strengthen organization and discipline in correcting party style and strictly execute all rules and regulations.
5. All units must closely link correcting party style with straightening out the style of administrative organs, so that the style of administrative organs can meet the needs of economic construction.

Yin Kesheng, secretary of the provincial CPC Committee; Song Ruixiang and Liu Feng, deputy secretaries of the provincial CPC Committee; and Zhao Haifeng, chairman of the provincial Advisory Commission, attended the meeting. At the meeting, the provincial heavy industry department, the provincial mechanical industry department, the provincial people's bank, and the provincial public health department introduced their methods and experiences in correcting party style.

QINGHAI CPC COMMITTEE HOLDS ENLARGED PLENARY SESSION

HK080147 Xining Qinghai Provincial Service in Mandarin 2330 GMT 7 Mar 86

[Excerpts] The fifth enlarged plenary session of the sixth Qinghai Provincial CPC Committee concluded in Xining on 7 March after meeting for 7 days. Guided by the spirit

The session held: In accordance with strategic ideas of the provincial CPC Committee, the focal points in work for the province for the coming period are to lay the foundation for eliminating poverty and enriching the people and doing work in a thoroughly sound and practical way. Hence, we must on the one hand further relax the policies, enliven the economy, and develop new sources of wealth, and on the other we must concentrate our limited finances and material on ensuring the key points, taking advantage of our strong points in resources, and increasing our economic strength.

This year we must do a good job in four tasks: economic construction; reform and opening up; disaster relief and assistance for poor areas; and straightening out party style. The leaders at all levels must sum up the experiences and lessons of previous work and firmly embrace the idea that unity is victory.

The participants unanimously held: During the Seventh 5-Year Plan we must grasp material civilization with one hand and spiritual civilization with the other. The cadres at all levels must actively probe and sum up methods and experiences in ideological and political work in the new period. They must learn new skills in doing this work. At present, closely centered on publicizing and implementing the spirit of the National Conference of Party Delegates, we must get a good grasp of conducting education in ideals, the situation and policies, Marxist theory, and the socialist legal system. We must vigorously step up the building of the political work force. In straightening out party style, we must follow the central authorities' principle of acting in a resolute and sustained way and focus on rectifying organ work style, ensuring that leaders take the lead, handling major and important cases, grasping education in party spirit, and doing a good job in grass-roots party rectification.

Provincial CPC Committee Deputy Secretary Huanjuecailang spoke at the conclusion of the session. He demanded that the party organizations at all levels seriously convey and implement the spirit of the session. They should do a good job in drawing up their Seventh 5-Year Plans in light of the reality of the different localities and units, and also do well in arranging this year's work. Comrades Zhang Haifeng, Ma Wanli, Song Lin, and Shen Ling also spoke at the session.

QINGHAI'S YIN KESHENG ADDRESSES PARTY MEETING

HK100415 Xining Qinghai Provincial Service in Mandarin 2330 GMT 9 Mar 86

["Summary" of speech of provincial CPC Committee Secretary Yin Kesheng at Fifth Enlarged Plenary Session of Sixth Qinghai Provincial CPC Committee]

[Excerpts] Yin Kesheng discussed the following three topics: 1) the political and economic situation in the province; 2) the main tasks for 1986; 3) a number of problems in ideological understanding. He said: At present the economic and political situation in Qinghai is one of the best since the founding of the state. The province's rural and pastoral areas have now basically completed the first stage of reforms, and the second stage is now gradually unfolding in depth. Urban reforms have been launched in an all-round way, and initial results are already apparent. New vitality has appeared in the provincial economy under the impetus of the reforms. Growth rate is rising each year.

In party style, we have revived the party's ideological line of seeking truth from facts and brought about the shift of focus in the party's work. In particular, as a result of party rectification in units at and above county-level, the general trend of party style in Qinghai is one of year-by-year improvement. All these represent the main current, and should be fully affirmed.

However, while affirming the excellent situation, we must also clearly see the problems and difficulties on our way ahead. The main ones are: The pace of reform and opening up is not fast; not enough importance is attached to building spiritual civilization; there is a shortage of capital and talent; management standards are backward; economic results are poor; and large tracts of the rural and pastoral areas are in poverty.

On the main tasks for 1986, Comrade Yin Kesheng said: In accordance with the strategic idea put forward by the provincial CPC Committee on reforming, opening up, eliminating poverty and enriching the people, exploiting resources, and being prepared for the switch, the work focus for the province in the coming period is to eliminate poverty, enrich the people, lay the foundation, and carry out practical work in a thoroughly sound way. As Qinghai's economy and culture are backward, we have many tasks to perform. We cannot manage without a sense of urgency. However, things have to be done one by one, and we cannot succeed if we are impatient. We must therefore further relax the policies, invigorate the economy, and open up more sources of wealth on the one hand, and concentrate our limited finances and material to ensure key projects, take advantage of our resources, and increase our economic strength on the other.

We must strive to do a good job in four tasks this year: 1) economic construction; 2) reform and opening up; 3) disaster relief and support for poor areas; 4) straightening out party style. This year the province's industrial and agricultural output value should reach 3.26 billion yuan, grain output should reach 2.1 billion jin, and financial revenue should reach 212 million yuan.

The rural and pastoral areas must seriously implement the central document no 1. The rural areas must continue to get a good grasp of grain production, carry out water conservation construction, and ensure steady annual increases in grain output. The pastoral areas must continue to do a good job in fencing the pastures, establishing fodder bases, building sheds, and other infrastructural work. They must improve livestock strains, promote seasonal animal husbandry, and continue to increase the variety and the commodity rate of livestock.

Industrial production must be centered on improving economic results, with the focus on improving management and promoting technological progress.

SHAANXI RIBAO: ABUSERS OF POWER SHOULD NOT BE PROMOTED

HK100257 Xian Shaanxi Provincial Service in Mandarin 0200 GMT 10 Mar 86

[Text] Today's Shaanxi RIBAO carries a commentator's article entitled "People Who Abuse Power Cannot Be Promoted." The article says: We have promoted a number of middle-aged and young cadres to the leadership groups at all levels in recent years. The great majority of them are good. However it is a fact that, after taking power, a few people abuse their powers in a big way. They seek advantage for themselves in matters such as housing, promotion, upgrading of titles, transfer of relatives, bonus payments, automobile travel, and trips abroad. Although there are only a few such people, they have a very bad effect. We must absolutely not allow them to continue to hold their leadership posts. Those who have violated party discipline and state law must be resolutely investigated and punished.

VICE PRESIDENT CALLS PRC POLICY 'HOAX, PLOY'

OW100647 Taipei CHINA POST in English 5 Mar 86 p 12

[Text] Vice President Lee Teng-hui yesterday pointed out that Peking's "one country, two systems" tactic is only a hoax and a united front ploy aimed at the Republic of China. Moreover, he noted the Communists hope to use the Hong Kong formula to bring international pressure on the PRC government. The vice president made the statement at the International Symposium on Hong Kong being held March 3 through 8 in Taipei. As a guest speaker at the opening ceremony of the symposium yesterday morning, Lee pointed out that "Red China will treat Hong Kong with kid gloves lest it should kill the goose that lays golden eggs." Although Peking promised to let Hong Kong maintain its capitalist system for at least 50 million Hong Kong residents that no Communist regime would "allow a pocket of freedom to exist under the red flag." [as published]

The vice president pointed out that Peking's reaction to the Hong Kong government's recent attempt to introduce a representative form of government in the colony prior to 1997 is additional proof that Communist rulers have no intention to honor their agreement with Britain. Lee noted that Peking also promised the Tibetans to preserve their system and maintain their way of life before their homeland was occupied. What has happened to the Tibetans is now universally known, he added.

Though still with 11 years to go, Peking has already started to make its meddlesome presence in Hong Kong felt through threatening statements and mass infiltration into the territory, said the vice president. By way of conclusion, Lee noted that the real hope for the people of Hong Kong and the Chinese nation as a whole is the return of democracy to the Chinese mainland and the reunification of China under the Three Principles of the People.

Co-sponsored by the Institute of International Relations (IIR) and the Research Unit on Chinese and East Asian Politics of the Saar University in West Germany, the symposium was opened by their respective directors Dr. Shaw Yu-ming and Dr. Jurgen Domes. The ten participants from abroad and over 26 from at home will consider 12 papers on the Hong Kong issue in the symposium.

MINISTER: TAIWAN 'WILL NEVER WITHDRAW' FROM ADB

OW091034 Taipei Domestic Service in Mandarin 2300 GMT 8 Mar 86

[Text] The Foreign Affairs Committee of the Kuomintang Central Policy Coordination Committee passed a resolution at a meeting urging comrades on the foreign affairs front to closely watch the Chinese Communists' united front tactics and to weigh the advantages and disadvantages in deciding issues concerning our country's foreign relations and our membership in the Asian Development Bank [ADB] in order to develop a new trend beneficial to our country and to strengthen our country's foreign relations. The meeting was presided over jointly by Shen Chang-huan, member of the Standing Committee of the Kuomintang Central Committee, and Chao Tzu-chi'i, secretary general of the Central Policy Coordination Committee. It heard a report by Foreign Minister Chu Fu-sung on the current international situation and our country's foreign policy.

Minister Chu pointed out: Our diplomatic goal is to safeguard our national rights and interests and our international standing and to deal blows to the Chinese Communists' united front tactics.

On our country's ADB Membership, Minister Chu said: Our country will never withdraw from the ADB. Instead, we will present our case to the ADB through various channels. To raise our international standing and safeguard our national rights and interests depends on our own efforts. The correct path is to work with strong determination to make the country strong.

MINISTER ON STRATEGY FOR 'POLITICAL STABILITY'

OW071113 Taipei CNA in English 1000 GMT 7 Mar 86

[Text] Taipei, March 7 (CNA) -- Foreign Minister Chu Fu-sung said Friday that the political stability, rapid economic growth and strategic position in the west Pacific area are among the nation's most invaluable advantages to maintain its international status. Minister Chu made the remarks in response to an interpellation by Legislator Chien Han-sheng. Chien suggested that the Government take a more flexible foreign policy in order to crush Communist Chinese conspiracy to isolate the Republic of China from the world community. In reply, Chu stressed that the nation should not try to expand its foreign relations at the expense of national dignity.

The minister also denied that the nation has been isolated by from the free world. "Although the Chinese Communists have intended to sabotage our consensus and unity as well as defeat us," Chu asserted, "They have not succeeded yet." He cited two examples. More than 7,000 international figures visit Taiwan each year at the invitation of the ROC Government. An even greater number of foreign nationals come here at the invitation of local private organizations. Moreover, the Government issues 500,000 copies to 600,000 copies of regular passports and 300,000 copies of tourist passports annually. Chu said that the Government has spared no efforts in the past years to promote bilateral relations with all free nations as a strategy to maintain its status in the world community. On diplomatic strategy, Chu quoted President Chiang Ching-kuo as saying that the Government may change its ways and means in order to cope with changing international situation. But he emphasized that the Government would never change or sacrifice its basic national policy and stands.

PREMIER YU REFUTES CRITICISMS OF NONPARTISAN

OW100641 Taipei CHINA POST in English 5 Mar 86 p 12

[Text] Premier Yu Kuo-hwa yesterday denied nonpartisan legislator Hung Chao-nan's interpellation that the Cabinet has become so unwieldy that even the Legislative Yuan has no way to hold it in check. As part of an open and responsible government, the Cabinet welcomes public criticism and proposals to help make improvement, Yu stressed. He reiterated that the government has never tried to evade problems or pass the buck. It has always accorded great respect to the opinions of lawmakers, he added.

The nonpartisan pointed out that as the Cabinet has turned a deaf ear to the requests of the lawmakers and the public, there is no way to solve some problems. He raised issues like the control of free trade in gold bullion, the purchase of two submarines from Holland, the reduction of gas prices and the approval of the two controversial plans for the fifth naphtha cracket and the fourth nuclear power plant as instances.

Yu replied that all the problem raised by the legislator have been decided through delegation of authority and legal processes.

As a public firm, the revenue of the Chinese Petroleum Corporation (CPC) has contributed greatly to the national treasury, said the Premier, adding that in deciding prices of oil products, the CPC has to take into account the nation's energy policies as well as current commodity prices. Also, the ROC's reduction of oil prices on Feb. 18 was made much earlier than those of Japan and South Korea. As for the investment of the controversial naptha projects, the Premier noted that the screening committee of the projects was free to express its opinions. Concerning free trade in gold bullion, Yu noted that the Economic Renovation Committee made the same proposal last year and the case has been under study by the Ministry of Finance. The government has been discreet in the matter because it wishes to encourage the people to save money and to discourage speculators from reaping any windfall profits, the Premier said.

CHINA POST SEES CLOSER TIES WITH PHILIPPINES

OW070627 Taipei CHINA POST in English 4 Mar 86 p 4

[Editorial: "Closer ROC-Philippine Relations"]

[Text] As Philippine President Corazon Aquino's government began to formulate new policies for the nation, it is the right time to seek means of enhancing our relations with our neighbor to the south. Minister of Foreign Affairs Chu Fu-sung told the Legislative Yuan last Friday that the ROC's cooperation programs with the Philippines should be carried out smoothly as the situation in that country has become stabler. He also pointed out that the overseas Chinese in the Philippines have contributed greatly to economic development and won respect from the government and people. He added that they will continue working for the future of the Philippines.

On the basis of Minister Chu's statement, both nations may promote and pursue rosy prospects of closer ROC-Philippine relations. As both governments had been negotiating last year for an agricultural-technical cooperation agreement prior to the fall of the Ferdinand Marcos government, the negotiations could be revived as the first project of cooperation between our two governments. Other cooperation agreements should be exploited and pursued.

President Corazon Aquino has also indicated in a telegram to legislator Huang Yu-Ming her desire to enhance cooperation between our two countries; such enhancement could be implemented without difficulties. At the same time, her brother headed an unofficial mission of 18 members to the Republic of China which arrived here Jan. 28. They must have reported to her upon their return the stable and prosperous conditions here in the Republic of China. There is much flexibility for increasing our trade relations with the Philippines beyond the present trade volume.

As many key officials of the Philippines government are of Chinese descent, the new government is in the ideal position to change the Marcos policy of flirting and collaborating with the Communist regimes of Moscow and Peking, and rejoin the anti-Communist camp headed by the Republic of China on the anti-Communist bastion of Taiwan, the Pescadores, Kinmen and Matsu. Such a change of policy is the logical way to combat the Communist threat within the Philippines.

The government and people of the Republic of China are willing and ready to assist the new Philippine government and people in reaching the objectives under the courageous leadership of Mrs Aquino, marching toward democracy and economic prosperity with the slogan "we are free again."

TAIPEI RADIO COMMENTS ON PHILIPPINE SITUATION

OW100730 Taipei International Service in English 0200 GMT 10 Mar 86

[Station commentary]

[Text] Ferdinand Marcos is gone from the Philippines, and the United States must be given some of the credit even if the position of President Reagan was not always consistent. At one point, the American chief executive seemed to be siding with Marcos' intention to steal the election and remain as president of the Philippines for another 7 years. Quite probably the United States was unduly influenced by Marcos' claim that he had won the election. After all, he had the National Assembly and the Supreme Court in his pocket, to say nothing of an overwhelming majority of the Armed Forces. In the end, the decision was made by the backing of people for Corazon Aquino and the fact that the United States offered Marcos a line of retreat. If the defeated president had the lack of place to go, he might well have carried out his threat to fight to the death. The United States had the helicopters to fly him and his party from the presidential palace and the planes to take them to Guam and Hawaii.

Although Washington denied asylum to Duvalier of Haiti, it had no hesitation in bidding Marcos welcome. This presumably is based on the fact that Marcos once was an adherent of democracy whereas Duvalier was always a dictator. High American officials have called Marcos a friend despite of the events of the last 20 years. Clearly the Marcos story has been a case of power corruption, and absolute power corrupting absolutely. After so many failures and especially the defeats in Iran and Vietnam, the United States finally stood by the cause of freedom and [words indistinct]. As for the Philippines, the task of restoring democracy and repairing the damages done by Marcos is just the beginning. The road ahead will not be easy. Marcos, who once wiped out some of the Philippine corruption, leads a legacy of cheating and political misdeeds. Many of the bad guys are still there and still hold the places of power. Mrs Aquino has no political experience and is a woman where except for Mrs Marcos no women have ever held state power. The departure of Marcos will not solve the economic problems of the Philippines and make the people rich.

Taiwan's southern neighbor is far behind free China, South Korea, Hong Kong, and Singapore in industrializing. Workmanship and know-how are lacking despite Filipino (?ways) in education. They have not been (?stressed). Foreign investors are aware of Filipino weakness and have not entrusted their funds to a land that is backward and has been unstable. However, where there is a will, there is a way. The Republic of China undoubtedly will extend technical assistance if such is requested. A strong Philippines dedicated to freedom and democracy will enhance the security of free China and provide further Asian bulwark against communism.

XU JIATUN REPORTEDLY RETHINKING UMEICO DINNER DATE

HK090620 Hong Kong HONG KONG STANDARD in English 9 Mar 86 p 1

[By Yau Shing-mu]

[Text] China's chief representative in Hong Kong, Mr Xu Jiatun, is having second thoughts about clinking his glass with Unofficials of the Executive and Legislative Councils. Following the spring festival dinner last Monday hosted by the XINHUA NEWS AGENCY of which Mr Xu is the director, custom would dictate that Umelco hosts a return banquet. Although he told Senior Executive Councillor Sir Sze-yuen Chung that he would accept a reciprocal invitation, Mr Xu is now understood to be a little hesitant. Since Sir Sze-Yuen called for "mutual recognition and respect" of Umelco's role in maintaining stability and prosperity during the transition, a small storm has gathered momentum. China refuses to officially recognise Umelco as a local body, preferring to see it as an instrument of British colonialism. And Mr Xu's response that "respect" did not mean recognition now leaves his top aides with a protocol problem of what to do when Umelco requests the pleasure of his attendance at dinner.

On the one hand, they want to avoid the social gathering being interpreted as a formal recognition of the two councils. On the other, rejection might torpedo efforts to bridge relations between XINHUA and Umelco. But what most disturbed XINHUA was not the requests for recognition, but according to XINHUA sources, the "wishful thinking" that the development of representative government is provided for in the Joint Declaration. Chinese officials dislike Umelco's effort to seek Chinese endorsement of the steps toward representative government currently being installed here by Britain, sources said. They don't want XINHUA's social functions with Umelco linked with recognition of Umelco's position, especially when the recognition appears as an endorsement of the development of representative government.

Meanwhile, Senior Legislative Councillor Lydia Dunn told the HONG KONG STANDARD that Umelco would use its formal title to host the return banquet. She rejected outright any suggestion that the invitation should be extended on a personal basis jointly by Sir Sze-yuen and herself. Miss Dunn said the invitation would probably be discussed at the Umelco in-house meeting this Friday.

Last spring's mutual reception went smoothly. Both parties used their formal title to host banquets, and there was no argument over status and recognition. State Councillor Ji Pengfei snubbed Umelco last December, as did the Basic Law Secretariat secretary-general Mr Lu Ping the next month, when they refused to meet with Umelco as a body during their visits. This has caused unease among Umelco members, and the snub reinforced worries about China's non-commitment and non-recognition of the current development of representative government of which the partially elected Legco is a part.

Agrees on 'Condition'

HK110351 Hong Kong HONG KONG STANDARD in English 11 Mar 86 p 1

[Text] China's chief representative in Hong Kong has agreed to dine with Unofficial Executive and Legislative councillors on the condition that they should neither claim to represent the two councils nor Hong Kong people at large. The senior Executive Councillor Sir Sze-yuen told THE STANDARD yesterday that the director of the local XINHUA NEWS AGENCY, Mr Xu Jiatun, accepted the invitation to a dinner party to reciprocate Mr Xu's earlier reception. Sir Sze-yuen said they would use the title of "Unofficial Members of Executive and Legislative Councils" to host the function.

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After a spring feast hosted by the Chinese General Chamber of Commerce last night, Mr Xu also told reporters that he will "certainly attend the reception." He said there is "no special significance" as to who hosts the reception, whether it be individual councillors or Umelco. XINHUA sources told THE STANDARD that Mr Xu's acceptance was conditional. XINHUA would accept the banquet hosted by unofficial members, but not on behalf of the two councils. Moreover, the members should not claim to represent the two councils nor Hong Kong people at large. "They have agreed to the conditions," the sources said.

Sir Sze-yuen did not say if there was any pre-condition for the banquet.

Sources said that XINHUA had adopted a flexible attitude in dealing with Umelco members on this incident. XINHUA will respect the members as public figures serving on the two councils which are parts of Hong Kong Government. But they will stick to their line not to treat the members representing the councils as a whole. Though Mr Xu had second thoughts, his response is in line with China's wish to narrow the gap between Umelco and XINHUA. Chinese officials are expected to have unofficial meetings with Umelco members more frequently. Other unofficial members of the two councils have also been informed that the banquet will be hosted at the Legislative Council Building on April 4.

PRC TO ALLOW HONG KONG ID CARDS VALIDITY PAST 1997

HK080512 Hong Kong SOUTH CHINA MORNING POST in English 8 Mar 86 p 1

[By Michael Chugani]

[Text] China will give formal permission for the Hong Kong Government to issue identify cards which will remain valid after sovereignty changes hands in 1997. This one of the breakthroughs expected when British and Chinese diplomats of the Joint Liaison Group hold four days of talks in Hong Kong next week on matters ranging from passports to trade. But while Beijing will allow the Hong Kong authorities to issue ID cards valid beyond 1997, it will be made clear such a concession in no way infringes on China's sovereignty over Hong Kong when the British leave.

The Chinese were at first sensitive over a allowing the colonial authorities to issue identity documents which will remain valid after China takes back Hong Kong -- particularly since the new ID cards will state that holders have the right of abode in Hong Kong. Beijing's leaders were at first concerned that this wording would give the impression Britain was continuing to grant the right of abode to people in Hong Kong after 1997, thereby infringing on China's sovereignty. But they were eventually convinced that it would be impossible for the new Hong Kong Special Administrative Region government to instantly issue ID cards to six million people when it takes over in 1997. Sources say it will not be surprising to expect some Hong Kong-issued ID cards remaining valid several years after 1997.

The Hong Kong Government intends to issue the new identify documents carrying the right of abode wording beginning in July next year. At the same time, the British Government will begin issuing the new British Nationality (Overseas) [BNO] passport which will replace the existing British Dependent Territory Citizen passport. Another reason the Chinese have given way on the ID card is because it has a crucial bearing on the acceptability of the new BNO passport. Since BNO passports will remain valid after 1997, the British Government is unable to state the holder's right of abode in Hong Kong in the travel document without infringing on China's sovereignty.

To overcome the problem, the two sides have agreed that the BNO passports should state that holders possess Hong Kong ID cards which carry the right of abode in Hong Kong. British and Chinese Joint Liaison Group members are expected to formally approve the exact wording in the BNO passport which reads: "The holder of this passport has Hong Kong permanent identity card No XYZ which states that the holder has the right of abode in Hong Kong."

By formally striking a deal on the tricky question of future ID cards and passports, and making headway on international trade treaties affecting Hong Kong, diplomats hope to create an upbeat atmosphere to give the impression there is smooth sailing at last in the transfer of power.

XIAMEN JOINT VENTURE BANK BREAKS STATE MONOPOLY

HK100543 Hong Kong SOUTH CHINA MORNING POST in English 10 Mar 86 p 10

[From "South China Beat" column by Ophelia Suen: "Joint Banking Venture Smashes State Monopoly"]

[Text] Banks are not usually at the forefront of revolution. But in banking terms it's the obvious word to describe what has hit China with the opening of the country's first joint venture bank in Xiamen Special Economic Zone [SEZ]. The monopoly enjoyed by state-owned banks has been broken in one major stride by the new Xiamen International Bank [XIB] -- which is hoping to stimulate financial development in the SEZ and trigger reforms in national banks through much-needed competition. There is currently no limit on the loans it can grant and Chairman Mr Zhao Zongxin predicts that the Government might approve more joint venture banks in China after the XIB. He said: "Before there were only state-owned banks. So there was no competition, which was a negative facet of our socialist system."

But that has changed with China now approving the setting up of XIB -- as well as branch offices and representative offices of foreign banks in major cities and special economic zones. He admits it will still be perhaps 10 years before Xiamen reaches international standards of financial development. Mr Zhao said it was not possible for authorities to give concrete financial support to XIB but "administrative support" from both provincial and municipal governments definitely existed. And the bank was included on the agenda of the first mayor's conference after the Lunar New Year holiday.

Mr Zhao said: "The provincial Government has urged enterprises in the province to co-operate with us." The Bank of China was a national bank with full Government backing and high prestige in the world which gave it a great advantage over XIB. But added Mr Zhao: "On the other hand, as a joint venture bank XIB has a lot of opportunities for the Chinese partner to learn international banking from its overseas partner. In turn, the foreign partner also comes to a better understanding of banking in China. In short, XIB can combine banking knowledge and experience of those in China and those in overseas countries. In this respect XIB enjoys an advantageous position -- better than the Bank of China and other foreign banks."

Predicting the setting up of more joint venture banks, Mr Zhao said: "It is possible for the central Government to approve the setting up of more joint venture banks and not just in Xiamen but in other parts of China. But banking in Xiamen can't reach saturation point because the scope of business extends to the whole of China as well as overseas." Commenting further on its lending philosophy, Mr Zhao said there was no ceiling on loans the bank could grant. "As long as projects are approved by the central or municipal Government it is up to XIB board of directors to decide on granting loans."

"There is a limit on the number of projects being approved. But that falls beyond our jurisdiction. Our considerations on approved projects focus naturally on their profitability as well as the credentials of borrowers. The Bank of China can't have a monopoly. XIB can't have a monopoly. All businessmen go to various channels and places depending on their own contacts and experiences," he said. "There are some overseas banks who have agreed to give XIB preferential treatment. In that case, we of course do business with them. But the situation keeps changing and we must be very flexible."

On interest on loans granted to borrowers, Mr Zhao said XIB was entitled to fix its own rates. "We can set rates a little higher or lower than those of the Bank of China." Mr Zhao said over the long term, financial development in Xiamen would surpass that in Shenzhen -- taking into consideration the fact the Xiamen was a warm water port and had a long history of industry and finance. Since it began about three months ago, XIB has helped to promote trade between China, the United States and Japan, as well as other countries.

PRC TRADE SITUATION 'HEALTHIER THAN MANY THINK'

HI00935 Hong SOUTH CHINA MORNING POST (BUSINESS NEWS Supplement) in English
10 Mar 86 p 2

[Article by Robert Wing of China division of international accounting firm KMG Byrne:
"The Hidden Facts Veiling China's Trading Picture"]

[Text] Given China's massive trade deficit last year, placed as high as US\$13.8 billion, many China observers question whether the most recent official figure of foreign exchange reserves, which shows a significant third quarter recovery from a year-long plunge, is valid. The prevailing view is that the overbalance of imports has drained the country of foreign exchange, seriously impairing China's ability to carry on high levels of trade with the rest of the world. This view is shared by foreign and Chinese traders alike. An examination of the components that make up China's trade balance, and of the sources of foreign reserves, shows the official figures may in fact be accurate, and that the trade picture for China is a lot healthier than many think. The unusual nature of China's international trade has resulted in a deficit that appears more critical than it really is. At the same time, China accumulates and keeps forex in ways that are often hidden.

In the third quarter of 1984, China's reported foreign exchange reserves peaked at about US\$16.5 billion. However, during the next nine months, encouraged by its new "open-door" policy, local organisations in China engaged in unrestrained buying from abroad. Reserves fell by a third to \$10.9 billion. In the spring of last year administrative clamps were put on imports, and according to the autumn quarter's official forex figures, the drain was successfully reversed. In November, the Bank of China announced China had \$12.6 billion in foreign reserves.

The buying spree China enjoyed last year brought on a record trade deficit, according to the ministry of Foreign Economic Relations and Trade (MOFERT), of \$7.6 billion. According to the General Administration of Customs (GAC), the deficit was an even higher \$13.8 billion. China had accumulated its large store of hard currency through export-orientated trade and careful spending abroad. How, observers have wondered, could the country stabilise its forex reserves and at the same time operate under such a huge trade deficit?

Without going into the differences between MOFERT and GAC accounting procedures, an explanation covers three areas: the unique nature of China's foreign trade; apparent and hidden sources of foreign exchange; and manipulation of hard currency accounts.

China's customs statistics are intended to account for all goods that enter or leave the country. As such, they include equipment and raw materials that are imported under compensation trade agreements with foreign business partners, to process products for export. Similarly, capital equipment and raw materials are brought in for use by joint ventures and wholly-owned foreign enterprises operating in China. These items figure on the deficit side of China's balance of payments, but cost the country no foreign exchange.

Last year brought China a windfall in foreign investment. No less than \$5.9 billion was committed and \$1.6 billion worth of capital equipment was bought. Due to the start-up time involved in setting up or renovating production lines, very little export production would have resulted from this inflow by year's end. A number of foreign companies have been willingly or unwillingly "eating" earnings from sales or the proceeds of investment in China. Some reinvest their earnings into other Chinese projects they hope will eventually generate foreign exchange which they can repatriate. Here, too, the trade balance is affected, but not the level of foreign exchange. Half-complete barter transactions, where China has imported goods but the foreign partner has not yet obtained other goods in return, also mount up on the deficit side.

For example, in China's Eastern European trade, which is typically barter, it notched up a \$500 million deficit for the first three quarters of last year. China also received \$300 million in commodity credits in 1985. A substantial one-way flow of gifts goes into China from relatives living in Hong Kong and abroad: television sets, stereos, food, clothing, etc. Presumably, none of these is paid for, but they are all registered with customs. When the Chinese Government clamped down on spending for imported consumer goods last spring, left stranded were more than \$2.5 billion worth of motorcycles, calculators, VCRs and the like in Guangdong and Hainan alone. It is probable that payment was stopped for as many of these items as authorities could manage, although they would initially have been counted as imports by customs officials.

Borrowing has become a major source of hard currency. Last year, China signed [as published] \$3.4 billion and received \$2.4 billion in foreign loans. Most of this figure reflects long-term loans from other governments and the World Bank.

Service income is another major source of foreign currency largely uncounted in the balance of trade figures.

Income from tourism, banking, insurance, port fees, transport and other services grew significantly over the 1984 level of \$1.6 billion. In addition, \$1.2 billion worth of overseas labour and engineering contracts were signed last year.

Unrequited money transfers -- foreign aid donations or gifts, mostly from overseas relatives of Chinese citizens -- probably also surpassed the 1984 figure of \$440 million. Chinese banking officials have recently opened foreign currency savings accounts in local banks around the country to draw private citizens' foreign savings.

Last year's rise in trade and tourism, together with rises in Chinese Customs' tariff rates, also increased customs receipts. An unspecified portion of the \$7 billion worth of customs receipts last year was paid in foreign currencies. To some extent, "squeezing" has been a source of foreign funds into China. Nearly all foreign travellers are asked by local Chinese they encounter for foreign currency or foreign exchange certificates (FEC) -- either in repayment for some goods or service, in exchange for a higher than official rate of local currency, or as an outright gift.

Moreover, a greater number of business travellers are making repeated trips into China, and carrying FEC notes out of the country for future use rather than exchanging them back into foreign currencies when they leave the country.

Accounting manipulation also explains some of China's recovery in official reserves. Traders have noticed that Chinese counterparts began last year to delay payments by as much as six months, a move that has, in effect, pushed back their day of reckoning. Central authorities have reduced regional allocations of forex to increase their control and bolster central reserves. In addition, they have forced Chinese enterprises that had accumulated foreign currency to reduce their deposits in foreign banks by several billion dollars, and put them into the Bank of China. Rumours that China has also engaged in short-term borrowing to create the appearance of higher reserves have not been confirmed. But the use of artificial measures seems relatively slight, and does not hinder the credibility of government figures.

Government action to move forex from enterprises' foreign bank accounts to the Bank of China reflects more than sleight of hand: it gives central authorities greater control of these reserves, and more power to halt the frivolous spending on luxury goods that was epidemic last year. It also helps the government keep better account of reserve levels.

Currency black markets and grey markets have been thriving in China for some time. No one knows how much foreign currency is actually in the country because a lot of it is in private hands, uncounted by the Government. This means China's overall buying power is considerably higher than published numbers imply. These indications suggest the deficit is overstated and the reserve level healthier than feared. They show that China last year experienced increased service income, higher productive investment and stepped up capital borrowing. Interestingly, the IMF consistently estimated Chinese reserves at between \$12 and \$14 billion for most of last year -- higher than China's own figures.

It is the deficit turned in China's trade rather than the absolute amount of forex that alarms Chinese officials. They fear that another round of uncontrolled buying will drain resources badly needed for modernisation. Having struggled to attain a respectable reserve of hard currency (together with \$4 billion in gold reserves, enough to cover nearly half a year's imports), they are determined not to lose it. This is not to say that China has no problems. Despite all the measures taken, consumer imports may still not be under control. China must absorb the capital investment it has brought in and generate export sales from its products. Barter trade cannot operate in perpetual deficit; if partners do not want the products China is trying to trade, it will be forced to trade products that it could otherwise sell for foreign exchange. Higher customs tariffs may generate foreign exchange in the short term, but will hamper trade in the long term.

Given the reality of last year's trade deficit and the perception of endangered forex reserves, China has three roads to take. One road is to produce enough exportable goods and services to restore the overall trade balance. This may not prove easy in the short term as China needs large inflows of foreign technology to modernise industry and develop its infrastructure. It will be especially difficult if the international trade environment sours, as it has for crude oil, China's major export commodity. The second road is to increase long-term borrowing to finance in hard currency China's continued modernisation. The Chinese leadership has been reluctant in the past to engage in large-scale international borrowing, but last year saw in practical if unspoken terms a reversal of this policy. This is the road the World Bank has urged China to follow. The third road is to restrict imports, face much slower growth, and hope foreign investment is not scared away. Retrenchment seems to be the Chinese leadership's instinctive response to problems of trade. This time, however, if trade slows too abruptly and growth comes to a halt, the leadership will face severe discontent from a population that has very quickly got used to a rising standard of living.

PRC TAKES MEASURES TO CONTROL PARALLEL GOODS

HK080748 Hong Kong TA KUNG PAO in Chinese 8 Mar 86 p 3

[Special dispatch: "The Whole Nation Is To Crack Down on Parallel Goods This Year"]

[Text] Shenzhen, 7 Mar -- Fan Kaishi, deputy director of the Hubei Provincial Department of Foreign Economic Relations and Trade, told this reporter today that the State Ministry of Foreign Economic Relations and Trade had recently stipulated that from this year on, the volume of all export goods sold by export trading agencies on a foreign exchange basis to the special economic zones, or the enterprises which officially had foreign exchange without the approval of the general import and export specialized corporation, could not be included in the export quotas of the year.

Fan Kaishi is currently in charge of a sales exhibition of his province's export commodities. When interviewed, he said that in the past, import and export agencies were allowed to carry out business deals in foreign exchange terms with the particular economic zone or the enterprises which officially had foreign exchange in other parts of the country. The volume of their transactions could be included in the export quotas of the year. Moreover, the special economic zones and enterprises were allowed to either export or resell their export goods on the domestic market. In this way they would profit from the foreign exchange rate differences. This practice resulted both in a runaway flow of "parallel goods" and in confusion in the state's foreign exchange control. Last year, the transactions of the goods in this category conducted by Hubei Province alone amounted to tens of millions of yuan.

He said: The regulations issued recently by the Ministry of Foreign Economic Relations and Trade have imposed strict restrictions on this business practice. This will enable foreign trade institutions to really earn foreign exchange. On the other hand, the additional steps taken to stop the export of "parallel goods" will boost the state's ability to conduct export trade through normal channels. In the past, the problem of "parallel goods" made it hard for foreign trade institutions to place orders for export goods with the production departments.

According to the responsible person of a department concerned in Shenzhen City, last year the commercial departments in Shenzhen began to concentrate on selling more and more domestically produced commodities. Most companies engaged in import business suffered losses in their operations because of the restrictions imposed on the use of foreign exchange and the greater disparity between the value of foreign currencies to the renminbi on the market and the state-fixed rate. The ministry's regulations are expected to affect Shenzhen's trade in a brief space of time.

The sales exhibition of Hubei's export commodities opened this morning. It is an exhibition composed of more than 20 companies specialized in foreign trade in Hubei. The main exhibits include textile products, cereals and edible oils, local and live-stock products, light industrial items, and handicraft articles. According to the estimates of the sponsoring body of the exhibition, the transactions at the exhibition are expected to reach US\$20 million. Fan Kaishi indicated that more than 46 percent of Hubei's exports are shipped to Hong Kong and Macao. Therefore, apart from taking part in the Guangzhou export commodities fairs in spring and autumn, the province will hold its own export commodities fair in Shenzhen once a year. Last year it held similar fair in Macao, with the transactions amounting to US\$60 million. This year, with "parallel goods" being effectively curbed, businessmen are more confident about conducting trade negotiations and buying goods than they were in the past. The prices of commodities on display at the exhibition have been mildly increased, averaging about 2 percent. It has been learned that some overseas businessmen have complained about the delayed delivery and unsteady quality of the province's export commodities.

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